The COMMERCIAL and FINANCIAL CHRONICLE


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EDITORIAL

As We See It

The tumult and the shouting have died down. The political captains and kings have become less conspicuous, and, so we must hope, feel under less pressure to promise the voters the earth and all that is in it. In other words the time has come for some serious and realistic thinking about what must be done between this hour and the time of the next election. There is, of course, a great abundance of work waiting. It would not be easy to find in the voting any clear mandate for any specific line of action. As is usual, the choices even for members of the House have been determined rather largely by local issues. There are, however, for those who have the good of their country at heart, many grave issues which ought by all means to be faced squarely without delay. Traditionally, this coming Congressional session—when election campaigns are rather distant—is the time for sober study and constructive action on national problems of outstanding importance.

There is some tendency to overlook the role and the importance of the large number of local legislators elected currently, and to forget the importance of improvement in local policies forthwith. This, of course, is a mistake. It is true, of course, that these matters tend to fragmentize themselves and more or less of necessity must be left to individual communities. Yet certain broad principles are at stake and should be given full national support. The state of the Federal budget is often and wisely the subject of discussion and complaint. What many do not seem to realize, however, is that state and local governments have gone wild in their spending and often in their "advanced" social legislation. State and local expenditures are (Continued on page 25)

QUARTERLY FUND ANALYSIS NEXT WEEK—The "CHRONICLE" September quarter analysis of mutual fund and closed-end common transactions, the most comprehensive study of the subject, will appear in the Nov. 15 issue.

Countering Looming Deflation
Without Unhinging Progress Made

By Per Jacobson, Chairman of the Board and Managing Director, International Monetary Fund, Washington, D. C.

One of the first to predict inflation's and now waves of impending deflation. Advises purchase of expansionary policies based on tax cuts and stringent avoidance of cost increases. States it is a mistake to undercut our recovery of past 10 months; discusses relationship of monetary reserves to trade expansion; and notes Europe's business uncertainties and dollar's improvement warrant expansion so long as it is unhelpful to payments-balance situation. He also praises measures taken for exchange-rate stability.

We have been fortunate that after the Second World War the volume of trade has increased almost without interruption—in sharp contrast to what has generally happened after previous great wars. From 1950 to 1960 the volume of international trade rose by 78%; in 1961 by 4%; and it seems that not from the first half of 1961 to the first half of 1962 the increase has been at the rate of some 6%. This is a remarkable performance and a very real achievement, but it has not come about by itself; a number of factors are required to create a climate conducive to an increase in trade. There has to be greater production, for products are exchanged for products; there have to be the resources available to finance the trade; and in a postwar period the wartime barriers to trade have to be dismantled or at least reduced. Over the years many efforts have been made to achieve these conditions, with a considerable degree of success. In part this success has been due to the work of international agencies: the Marshall Plan, the European Payments Union, and such organizations as the GATT, the World Bank and the International Monetary Fund. Much also has been achieved through the efforts of individual countries to restore proper trading conditions. Efforts to expand world trade further have, if anything, recently been intensified. The European Common Market has in important respects advanced Its timetable for the reduction of tariffs; Great Britain is applying for full membership in the Common Market; and here in the United States, Congress has adopted, and the President has signed, the Trade Expansion Act.

These are all evidence of a high degree of coherence in policies in the general economic and commercial field among the different countries—a greater cohesion, perhaps than there has ever been, and certainly more so than at any time since the outbreak of the First World War in 1914. The European Common Market, its extension to countries in Europe other than the Six, and the Trade Expansion Act are, taken together, measures which should give a new orientation to trading relations in the Western World, and will make it possible for the benefits of reduced tariffs to be enjoyed not only by the industrial countries but also by the wider group of developing countries.

In the financial and monetary field, too, common measures have been agreed upon. Last week the borrowing arrangements of the International Monetary Fund have been renewed, to which 10 of the leading industrial countries undertake to provide the International Monetary Fund, in case of need, with supplement—(Continued on page 26)
The Security I Like Best...

A continuous form in which, each week, a different group of experts in the investment and advisory field from all sections, of the country participate and give their views favoring a particular security.

Harvey Deutsch
Research Director, Purell & Co., New York City

Loral Electronics Corp.

Loral Electronics Corp. has in recent weeks greatly accelerated its receipt of major new military production awards and is now boosting its peak backlog for the current year.

Within the past 20 days the New York-based electronics company has received $13 in new contracts and authorizations, and an addition of $11 million to peak backlog stands only one to three months off. The company's backlog stands at $15 million with a total of $38 million in business received since the start of the fiscal year on April 1, 1961. Based on this new business, sales and earnings for fiscal 1962 should be substantially higher than the figures being recorded this year. The longer-term outlook is also promising as a result of several new areas in which Loral has been building. Other factors being reviewed for a number of years. Particularly in various aspects of electronic components and systems for submarine warfare, certain developments appear to give the company a peak for important new business in future years.

During fiscal '63, the new administration is reviewing its own procurement procedures and priorities which lengthened the normal life cycle and the production cycle and caused the lower profit margins which resulted from an increase in 1962 of 10% to 11% and an emphasis by Washington on space efforts which spilled over to 1963. The company's business and profits are projected to increase for the next year. The outlook is at present and in the long-term average.

Price Range on Over 5,500 Stocks

The Monday issue of the Commercial and Financial Chronicle contains the price range on more than 5,500 stocks traded on the exchanges and in the Over-the-Counter Market. Other features include the most comprehensive record of dividend announcements, redemption calls, and sinking fund notices.

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This issue is not designed to be construed as an offer to buy, or as a solicitation of an offer to buy, any security referred to herein.

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 Continued on page 24
Income Tax Pointers on Securities Transactions

By J. S. Seldman, CPA, Seldman & Seldman, New York City

Accountant-tax expert furnishes an explanatory check-list on how the individual and corporate investor can profitably forecast his Federal income tax impact upon investment results. Though the advice on handling capital gains deals with securities, it also applies to commodities, foreign exchange, real estate, etc., but does not apply to "traders" or "dealers" who do not qualify as investors.

Stressed is the need for alertness throughout the year, such as not selling the six-month date bond too late, i.e., before this date, to avoid capital gains treatment.

When an investor winds up the year in the black, Uncle Sam is entitled to a cut of the profits. Some of the rules to measure his cut and how his share can be minimized are here explained.

What Is a Capital Gain, and Why?

"Capital Gain" is a magic word in Federal income taxes. The reason is simple. Individual tax rates can go to 91%.

Corporate rates can go to 52%. However, with a capital gain, Uncle Sam's maximum take is 25%. Hence, the big push is on for capital gains.

What is a capital gain?

By and large, it is the profit on the sale of securities or anything else other than the merchandise of a business. Everything here will be described in terms of securities, but what is said will also apply to commodities, foreign exchange, real estate, etc.

The rules for the security "investor are different from the rules for those who do engage in buying and selling to be a "broker" or "dealer." Only the investor will be considered here—first the individual investor, and then the corporate investor.

The Individual Investor

How Does the 25% Rule Work?

Security profits and losses go in one of two baskets, based on the length of time the securities are owned. Six months is the dividing line. Profits and losses on securities held more than six months (here called over-six-month profits) go in one basket. Profits and losses on securities held six months or less (here called under-six-month profits) go into the second basket. Each basket is considered separately. If there is a net profit in one basket and a net loss in the other, the two are netted. If this leaves a net profit in the under-six-month basket, that profit is reportable in full, in the regular way, it is a net profit. If in the over-six-month basket, there is a two-way play, whichever gives the lower tax: (1) a flat tax of 25% of the profit, or (2) reporting half the profit in the regular way.

What About Security Losses?

Many people will show losses on their 1962 security transactions. The tax law allows some benefits to offset that situation.

If the net results of the under-six-month basket and the over-six-month basket together show a loss, then regardless of what basket it comes from, the loss is deductible, within certain limits.

To illustrate: Suppose the net of all trades for 1962 is $10,000. Losses of $5,000 of that loss can be deducted in the 1962 return. The other $5,000 goes in the under-six-month basket for the five years 1963 to 1967, to apply against the first $5,000 of any net security profit in those years. If there are no net security profits in those years, the $5,000 can be used as a regular deduction from other income in each of the five years.

That is enough for now. There is more that can be done about the other $5,000. Security losses of any year can be carried over only, not backward. As this rule about carrying forward losses for five years has been in effect for some time, it means that losses as far back as 1957 can be used in 1962 returns, if not previously absorbed by profits.

Losses are always figured in full, whether under-six-month or over. The tax savings from losses can run as high as 91%. Suppose, for example, there is $1,000 profit, and that in 1962 he takes $1,000 as under-six-month profit. He has then a $1,000 tax on that $1,000.

Security losses of any year can be carried forward only, not backward. As this rule about carrying forward losses for five years has been in effect for some time, it means that losses as far back as 1957 can be used in 1962 returns, if not previously absorbed by profits.

The following is a check-list to the way you can use the losses:

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OBSERVATIONS
... BY A. WILFRED MAY

DEVALUATION, INFLATION AND THE SECURITY MARKETS

(PART TWO)

In this space last week (Nov. 1 issue) we analyzed the course of common stock and bond yields, and price inflation in some past devaluation periods. The evidence from the 1933-34, 1939-41 and 1948-50 devaluation programs, and from Great Britain's 1933 and 1949 devaluations, accorded broadly with uniformity in their impact on the stock market, except for the absence of any bearish effect.

We submit below analysis of such performance in France, Italy and Germany. We trust it is understood that these two articles discussing the effects of a possible eventuality do not imply that it will come.

French Experience

The three mid-Century devaluations of the French franc commenced one on Sept. 20, 1949 (in alignment with the adjustment of the British pound, discussed this space last week); another, known as "Operation 20," carried out in three stages on Aug. 10, 1956, Oct. 27, 1956, and June 20, 1958; and lastly the conclusive one on May 20, 1958.

The Sept. 1949 devaluation had no effect whatever on the French stock market, which was unchanged at approximately 60% above its level at the Paris Bourse at postwar resumption of business.

Post-Devaluation See-Saw

In the following February, 1950, French share prices slid by almost 5%, but with the exception of a sharp intra-month decline and recovery in the single month July they merely meandered until Feb-
uary, 1951. Only after such 15-month delay did they register a major rise, attaining a tripling of the stock average by May 1, 1957, the date of the first of the three above-cited stages of "Operation 20." The second devaluation, spanning of these Devaluation installments, October, 1957-August, 1958, French share prices declined by about 25%. In the six-month interval between the conclusion of the three-stage Devaluation span and the new Devaluation, namely from June to December, 1958, the stock market remained practically unchanged.

After the latest devaluation at the end of the 1950's, the single month July again rose to a 50% higher peak in September, lagging far behind another with an 80% altitude in June, 1961; whence it has reeled to close the entire post-1958 period with a net gain of 25%.

Only Partial Reflection of Exchange's Price Inference

This rise of 25% by French common stocks since the 1957 devaluation has been accompanied by a net advance in the nation's costs of living aggregating 30%. The use of this index is particularly advantageous in the present case, since the London exchange has been showing a full 340% inflation-offset provided for shareholders.

Thus, our further exploration of the evidence from the additional countries available unfolds our previous findings of the unexpected and non-uniform course of devaluation, domestic inflation, and share-price—denial with devaluable property, or the bearish effect on the stock market.

FROM OUR MAIL BOX

For Investor-Gambler

(Paris, N.E. 16th, May 8)

Mr. May: I have read with great interest your article of October 18, in which you set forth the theory of Exchange's schizophrenic contradiction of its proclaimed "investment" role. I submit, in the light of present-day events, it would be prudent to offer the following.

"Beware of fools!"—let us take a look at the impact of "devaluation in reverse." Fortunate for our purpose is the 5% upward valuation of the French franc (from 4.4 to 4.26) by the dollar (set on March 6, 1961).

Consistent with German orthodoxy, share prices logically followed the currency's de-facto thrust. Having increased sevenfold from the end of 1953 to March 6, 1961, currency re-flating date, stock prices shrank off a small bit during the balance of the year, but regained a significant portion of that month's loss; proceeded to close the year (1961) with a decline of 7%; and up to now have registered a decline of a full 30%—all in the face of the country's prevailing business prosperity.

At the same post-revaluation time, March 6, 1961, the average stock performance of living performance disavowed the economic situation of the shareholder; with a mere 2% rise against the above-mentioned 30% fall in share prices.

Over the longer-term, however, the German shareholder has enjoyed a "good break." Since 1950 post-revaluation date, share prices in Germany have been far outpaced by the concurrent 430% climb in the consumer price index, a full 340% inflation-offset provided for shareholders.

The modern history of passenger transportation is pertinent, on the other hand. The crash of a huge passenger transport company (as a spraying of hydro- bomb drops makes this discussion graphic) in 1959 gave the German public in full realization of the enormous price rise which has been accompanied by the post-1958 stock market boom. The current year's post-1958 bull run has not been without its wrinkles, at least an ex gratia dividend a matter of fact.

The Swing to Air Travel

The big swing into air travel began with the development of the DC-2 in 1932. Since then, air travel, air planes, airports and air travel have become the new idiom, and if you don't fly, you've as out- dated as a beaver hat. With this growth has come competition, which has by the constant speeding-up of its trading mechanics.

No bearishism is also for an intelligent gambler and facilities should be provided for in the future, as the balance has increased in size.

There is no necessity for an exclusive "right or wrong" choice; both of the right things for the right man.

JACOB BLEITREAU

Even if co-existence of the gambler and the investor is approved of, we contend that it is important that the Exchange so state, in lieu of over-emphasizing its "investment" advantages—a W.M.

Stock Brokers' Assoc. Elect

CHICAGO, Ill.—Edward E. Chrobo, an associate of Lehman Brothers, Inc., has been elected President of Stock Brokers' Assoc. of Chicago.

Other new officers are Emmet Holyfield, registered representative of R.S. Dickson & Co., and Walter Wechs, Vice-President; Donald L. Calvin, Syndicate Manager of A. C. Allyn & Co., Inc., Treasurer; and A. Riley, Account Executive of Merrill Lynch, Pierce, Fenner & Smith, Inc., Secretary.

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By Dr. Ira C. Cobb, Ecomist

Air a few words about the commercial flying industry with particular comment on the rising profitability of United Airlines.

The commercial flying industry has expanded tremendously in recent years, particularly with the introduction of new jet aircraft. The change to jet power has been accompanied by a significant rise in profitability for United Airlines, as the company has been able to reduce operating costs and improve efficiency. United Airlines is one of the major airlines in the country, and its success is a testament to the growth and development of the commercial flying industry as a whole.

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Air Transportation and United Airlines, Inc.
What We Must Do to Get our Economy Moving Again

By William F. Butler, Vice-President, The Chase Manhattan Bank, New York City

New York banker-economist's call for a $10 to $12 billion tax cut postulates resultant strong recovery by late 1963 and good economic growth through 1964 assuming major international upheavals move forward.

I propose to discuss first the business development and events relating to Cuba. It is, as possible, the Cuban affair is settle.de quickly, then the outlook as of Oct. 22 will not be appreciably changed.

However, the trend in business is the same. All activity there has virtually leveled out. Unemployment remains too high, and the utilization is still too low. We are seeing, in short, an end to the weak business recovery in a recovery. For the second successive time we have had a recovery, but it has not carried us back to full prosperity.

What is more, it seems to me unlikely that there will be a moderate decline in business activity during the first six to nine months of 1963. I believe there are a number of cogent reasons for expecting a decline. Profits have been too strong in the first half of the year, a fact that forebodes lower business income next year. Surveys point to some reduction in consumer purchases of autos and other durable goods. The money supply has failed to grow this year, and that has always been an advance sign of a downturn in business activity.

Moderate Decline Anticipated

However, I expect the decline in business to be quite moderate. When one reviews carefully the trends in major sectors of the economy, it is evident that no more than a modest reduction in overall business is store for next year.

In consumer markets auto sales could drop from 6.8 million this year to 6 to 7 million next year, and sales of other durables could go down from about 4 million. Overall, total consumer income should be maintained through the operation of the built-in stabilizers, so overall consumer purchases should hold little, if any, decline.

Government spending has not headed up. Spending by Federal, state and local governments could rise $7-8 billion in the year ahead under present budget plans. This will provide considerable support to business, but it will not be enough to avert some decline in business activity.

Business expenditures for new plant and equipment could go down slightly. We have, as yet, little evidence in the form of surveys of business plans. But the declining trends in new building and in profits this year argue for some reduction in investment next year. The profit picture suggests that since business capital expenditures this year are not at all high—they are well below the norm—and they are little higher than depreciation.

The inventory area, a relatively small adjustment seems indicated. We have been kept well in hand during employment expansion, so that we should avoid the large-scale liquidation that has been necessary in most past business recessions.

The most important point to hold up well, though it does not promise to be a force which will push the price level and the market for single-family homes is soggy, and some declines seem likely in this area. However, the rising curve of marriages in the 18-24 year age group should help sustain a high level of apartment building. There has been some deterioration in the quality of the new apartments, but lenders would exercise greater care.

Our foreign trade, the remaining major sector, could well show little change in the year ahead. This is based on recent levels and imports dropping a bit.

This review of trends in major areas of our economy adds up to a very modest decline in the first six to nine months of next year, followed by a recovery moving starting before the end of the year. There is, in fact, some question as to whether it should properly be termed a recession—it would also be characterized as a period of levelling off.

My view is that when you see the unemployment rising towards 7% and profits dropping 15-20%, you must say that we are having a recession.

The vast majority of competent business forecasters would agree with me. They have said that productivity would go up rather than down, but the economic activity will not go up or down more than moderately during the next six to nine months. We are not confident about the question of whether what will happen should be called a recession. Whether or not we have a very modest rise in productivity the significant fact is the broad improvement that no big changes in either direction are likely to be expected. The fact that during the present major recovery the unemployment has fluctuated only 1.5% may have a significant bearing on the future.

The most likely possibilities in my mind are 10-12% growth in the GNP and 4-4 1/2% growth in the money supply. This is in line with our present federal and Federal Reserve policies.

The time to consider how to make the best of the situation is now. Congressmen are considering major tax cuts. We have had a number of tax cuts, and the results have been mixed. I think a tax cut for stimulative purposes is indicated at this time, but there is also a need for some reduction in government spending.
Tax-Exempt Bond Market

BY DONALD D. MACKEY

With all the political suspense, national and international, markets for tax-exempt bonds have extended their progressive gains for the 13th straight week. Since August 17, the Federal Reserve Bank of St. Louis has registered a weekly gain during which total period the Consumers' Index of National Retail Prices Index has increased by 3.11%. This is the longest advancers from a 20-year high grade general index and is overshadowed by this 213 basis point reduction in return amounts to about 3 points. This market gain has been gradually accreted with no weekly increment developing from about 3 basis points (0.3%) reduction in average yields.

No Bearish Factors

There would appear to be no present development that might turn the upward trend of this market to some extent. Long-term market trends are set by a combination of factors that are not readily apparent. The trend is essentially steady and strong and is likely to continue at least through the end of the year. There are some indications that a leveling off in the long-term market may occur at this time, but the market for tax-exempt bonds has been strong for some time and it is difficult to predict what the future may hold.

Recent Developments

The Election Day results were as expected and it is predicted that the state and municipal bond market will continue to do well. The results of the bond election were generally supportive. The bond market has been strong for some time, and there is no indication that any change will occur in the immediate future.

Bond Election Results

The Election Day results were as expected and it is predicted that the state and municipal bond market will continue to do well. The results of the bond election were generally supportive. The bond market has been strong for some time, and there is no indication that any change will occur in the immediate future.

This trend of favorable returns continues to be the general sentiment of the market. The bond market has been strong for some time, and there is no indication that any change will occur in the immediate future.

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In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

November 8 (Thursday)

Galveston, Texas
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Meriden, Conn.
Plano Indep. Sch. Dist., Texas
Port of Portland, Ore.
University of Washington

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Investors Should Take a New Look at Foreign Stocks

By Walter P. Stern, *General Partner, Barlham and Company, New York City*

The primary reasons for direct foreign investing—those who have never done any foreign investing and those who have done some foreign investing in the past and are wondering what to do at this time—are the present times. The light of recent changes in both domestic and foreign markets is particularly enlightening.

I would like to try to recompose some of the changes that appear to have taken place over the last few years and to suggest some areas that might profitably be looked into at the present time.

The first is the rather poor market performance of many foreign stocks in recent months, I still think foreign securities are a very fruitful area in which to put in time, for the two over-riding reasons that earnings will be higher abroad and there are in many cases substantially better values abroad than there are in our own domestic market.

**Changes Over the Last Several Years**

There is no doubt that there has been a slow-down in growth and a rather severe profit margin squeeze in Europe in fact, worldwide. However, there is a basic difference between the slowing down and our own disappointing economy. In over-stimulated economies, there is an economy of abundance while some of the European countries still have evident signs of shortage economies. The major factors that have brought about slowdowns in the U.S. are still not apparent in Europe. To a great extent, the slowdown abroad has not been brought about by any weakness in demand, but rather a severe labor shortage which has led to various restrictions on the supply side. This has been particularly true in Germany. There has been some over-supply in a few industries, notably steel, coal, and some basic chemicals, but not "across the board" as in the U.S. In addition, the standard of living is still much higher in both Europe and Japan, with more проблем areas such as housing; there is substantially lower saturation in many of the consumer goods industries, and all in all, TV is still very much a minority in Europe. Perhaps the most significant point is that wages in Europe are in channels of growth and in Europe as a whole.

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRM'S MENTIONED WILL BE PLEASED TO SEND REQUESTED PARTICIPANTS THE FOLLOWING LITERATURE:

- Airlines—Data—Filer, Ballard & Smyth, 26 Broadway, New York 4, N. Y.
- Canadian Oil & Gas Stocks—A. Sohier & Co., 61 Broadway, New York 6, N.Y.
- Canadian Petroleum and Natural Gas Bills—Draper Dobie & Company Limited, 25 Adelaide St., Toronto, Ont., Canada.
- Growth In Utilities—Bulletin, Laubkin, Regan & Kennedy, 44 Wall Street, New York 5, N.Y.
- New York City Bank Stocks—Third quarter comparison and analysis of New York City Bank stocks—Laid, Bissell & Mee, 120 Broadway, New York 5, N.Y.
- Canadian Market—Bulletin—Watt & Limited, 6 Jordan Street, Toronto 1, Ont., Canada.
- Tini—Study and review—D. Latham Limited, 24 Bay Street, Toronto 1, Ont., Canada.
- American Cyanamid—Comment in November “Investment Letter”—Hayden, Stone & Co., Inc., 125 Broadway, New York 4, N.Y. Also in the same letter are comments on Miles Laboratories and Penford Tool.
- American Investment—Review—Colby & Company, Inc., 85 State Street, Boston 9, Mass. Also available is an analysis of Chrysler Corp.

American Seating—Memorandum—Oppenheimer, Newberg & Neu, 120 Broadway, New York 5, N.Y. Also available is a memorandum on new issues.
- Calgary Power—Memorandum—Bulletin—Weir Co., 50 King Street, West, Toronto, Ont., Canada.
- Chicago Water & Telephone Company—Analyst—Bill Richards & Co., Incorporated, 621 West Dearborn Street, Los Angeles 14, Calif.
- Securities For Income—Memorandum—Stroud & Company Incorporation, 123 South Broadway Street, Philadelphia.
- Stock Setting and Investment Policy—Report—Sartorius & Co., 30 Broadway, New York 6, N.Y.
- Tini—Study and review—D. Latham Limited, 244 Bay Street, Toronto 1, Ont., Canada.

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Newspapers

N.Y. Sun—Donald L. Polycarp is proprietor of the firm.

New Branches

ABILENE, Texas—Richard B. Hambrick, 400 East Houston St.

Baltimore, Md.—Vermillion Mutual Fund Management and Development, 110 North Charles Street, Officers are George Pilas, President; Mervin T. Stonehill, Vice-President, and Lawrence M. Callahan, Secretary.

Brooklyn, N.Y.—Mutual Funds Bureau, 1 Hanover Place. Maurice S. P. Fronck, proprietor, formerly a principal of Talbot Brain Associates, Inc.

Muncie, Ind.—Mutual Fund Specialists, Inc., 2232 Virginia Street, Robert G. Bovenker, Jr. is resident manager.

Beeville, Texas—Ram & Co., 410 North Washington St., Vance N. Hugoson is local representative.

Burkina, Calif.—Gregory-Masini, Inc., 307 10th Avenue, William A. Reardon is resident manager.

Oakland, Calif.—Equity Security, 1600 Grand Avenue. Paul P. Stewart is resident manager.

Syracuse, N.Y.—R. W. Feldstein, President, 30 orange Building. Richard Feldstein is registered representative in charge.

Vancouver, B.C.—Formerly Branch Manager for Granby, Marchese & Co., Incorporated.

Vancouver, B.C.—Gardner, Stanley & Harris, Inc., 1401 Sylvan Street. Harold Pelton is resident manager.

PERSONNEL

Cleveland, Ohio—Herbert V. Brown is now a member of the staff of William T. Robinson & Co., Inc., Terminal Tower.

Springfield, Mass.—William E. Kennedy has become associated with Stanwell-Lewis & Co. He was formerly with the Springfield office of Cragleyn, Pinney & Co.

Portland, Ore.—Robert H. Gullman is now with Demick & Co., Incorporated, 610, 400 Southwest Sixth Avenue.

Polychrome Elects Director

Polychrome Corp., Yonkers, N. Y., has announced the election of Mr. Fred Korros, of Cincinnati, Ohio, to the board of directors. Mr. Korros is a partner in the investment firm of Westheimer & Co., Cincinnati, members of the N.Y. Stock Exchange. A director of the National Distributors Association, Mr. Korros is also a member of the executive committees of Lozano, Gregg Co., Pittsburg, and of Fulton Industries, Inc., Columbus, O., and is serving on the boards of several Ohio public service organizations.

In addition, Korros is a manufacturer of lithographic, mimeographed and other graphic art supplies, with plants in New York City and in one of the main plants in Yonkers. Other company plants are in New York City, San Francisco, California, and Woodridge, N. J.
The State of TRADE and INDUSTRY

Achievement of the goal of greater, more stable economic progress requires a much more searching analysis of the forces responsible for the growth process, said The First National Bank of Boston in the November issue of its New England Letter.

Continuing the theme that our human resources occupy a central role, for growth is to a major extent a function of our labor force, hours worked, and productivity. More success in public and private policies for production investment, education, and the like should develop from broader appreciation of significant changes in manpower resources and occupational structure.

We have been plagued for several years, through recession and recovery, with a persistently high rate of unemployment, which has thus far failed to respond very well to a varied range of public programs. Perhaps these have emphasized too much the need for stimulating demand and increasing personal and business spending, and have recognized too little the possibility that much joblessness is rooted in the reduced labor requirements of many industries, based upon shifts in demand and upon rapid technological change.

At the same time that we have experienced excessive unemployment, there has been a shortage of workers in professional and skilled categories in science, engineering, education, and medicine, and in numerous other occupations. To be sure, the skills in short supply do not match up very well with the skills of most of the unemployed. Lack of mobility of labor along with lack of information about job availability in other labor markets have further complicated getting people back to work.

We face even more sweeping population and manpower changes. Unless we can develop more workers with the requisite skills to meet the exacting requirements of a dynamic nation in a space age, we shall seriously handicap our national strength and advancement.

During the present upswing, with unemployment remaining high, there have been numerous proposals to spur hiring. In the case of the Area Redevelopment and the Manpower Development Acts, a limited start has been made to upgrade worker skills and improve our manpower reservoir. Such programs like our local counterparts and wider support from businessmen, as most of the jobs for which workers are in shortest supply require substantial training periods—longer than should be supported solely from tax funds.

Private forces in each community should work together to determine local future needs and more imaginative ways of moving to meet them. They should also cooperate more closely with public agencies in providing guidance and counseling, especially for those who may be on the way to leaving school early. And private involvement in retraining could more easily place appropriate emphasis on other attributes or employability than skills—work habits, attitude, and interest in the job.

Business must make a greater contribution to the studies which are needed to point the way, or we shall be faced with solutions that are more likely to retard growth by placing greater private or public restrictions on efficient production. Such a possibility lies in labor's drive to increase time paid for but not worked or to spread available work by seeking legislation for a shorter work week. Along such a road could lie new coat of price increases or lower profits and capital investment—results which bear a strong resemblance to factors we are justifiably blaming for our recent sluggish growth. In the hard competition with both our friends and our enemies, the nation cannot accept such a risky course.

Bank Clearings Rise 11.4% From 1961 Week's Volume

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the Chronicle, based upon telegraphic advice from the chief cities of the country, indicate that for the week ended Saturday, Nov. 3, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 11.4% above those of the corresponding week last year. Our preliminary totals stand at $43,196,261,727 against $39,068,016,009 for the same week in 1961. Our comparative summary for some of the principal money centers follows:

<table>
<thead>
<tr>
<th>Week</th>
<th>1962</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>$10,565,477</td>
<td>$10,507,364</td>
</tr>
<tr>
<td>Chicago</td>
<td>$4,268,000</td>
<td>$4,257,496</td>
</tr>
<tr>
<td>Boston</td>
<td>$1,200,000</td>
<td>$1,143,000</td>
</tr>
<tr>
<td>Kansas City</td>
<td>$300,000</td>
<td>$212,463</td>
</tr>
<tr>
<td>St. Louis</td>
<td>$200,000</td>
<td>$121,476</td>
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Mills See Steel Demand Ebbing

Steel demand is near its fourth quarter peak and will probably start declining toward the end of the month, Steel magazine reported.

The drop will not be a sharp one, but it is sure to be reflected in lower ingot production.

November's output will be 7.5 million tons or less (vs. 7.7 million tons in October). Another drop of modest proportions can be expected in December because the output of capital goods is easing, auto production will slow down, and usage is declining seasonally.

Steel production this week will be about the same as the 1,769,000 ingot tons that Steel estimates were made last week. Out.

Continued on page 42

This deceptively simple equation is the real reason why you enjoy the best and the most telephone service in the world at the lowest possible price.

It represents the relationship between three basic units that equal one unified Bell System.
1. Patient research and development by Bell Telephone Laboratories create constantly improved communications techniques. (Telstar is one recent example.)
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BELL TELEPHONE SYSTEM

Owned by more than two million Americans
Sewage Financing Cost Is Not the Major Problem

By Danica C. Gray,* Vice-President, B. J. Van Ingen & Co., Inc., New York City

Selection as to how to go about financing sewage facilities contends that the real problem standing in the way of sewage control—estimated at $4 billion annually for the United States—lies not in the financing cost. The crux of the problem, hiding water pollution control according to Mr. Gray, is the diffused and incongruous pattern of authority and responsibility for health, sanitation, and political problem. The expert municipal consultant-banker provides in his paper, with a need for the establishment and sharing of quality financing costs, list the financing techniques and security factors, and other advantages emanating from the use of joint agency facilities where possible and of careful preliminary planning.

I am impressed by the fact that the cost of sewage is $5 billion in the continental United States. A majority of sewage control is often emphasized as the most difficult. Authorities to which they refer to what are called "burdened costs" of construction of debt service plant operation, engineering, and investment, are on the firing line for these feasibility studies are sometimes looked at askance as if they were the architects of the problems.

Also, we see that the U. S. Public Health Service estimated as of about $1 billion just the sludge treatment starting then, and in order to catch up with treatment facilities, an estimated increase in construction cost of $4 billion would be involved, and the amount that another $2 billion of capital would be needed for industrial waste treatment. The need for the immediate need of funds to eliminate the domestic sewage treatment backlog of the nation was $1.9 billion, to be $1 billion in 1961. I suppose most of this money would have to come from federal and state sources. Again and again, stress is laid on the "staggering" costs of the financing needed.

In the light of this, let me give a reason which has helped me get away from the trees to see the wood. Financing Not Crucial Problem

According to the Daily Bulletin, the municipal bond dealers of the nation purchased and distributed to investors last year new issues of State, municipal and revenue bonds in the total amount of $19.34 billion. Of this total $2.31 billion was for schools, $1.23 billion for water and sewer, $1.30 billion for highways, about a half billion dollars for veterans' aid, a one billion for hospitals, $2.31 billion for parks, and $2.35 billion for a category called "other." Assuming a 50-50 slurry and sewage and revenue bonds, $877 million of bonds were issued for sewer purposes in 1961, or $1.75 billion slurry and sewage. Borrowing from other purposes would have resulted in the issuance of a few percentage for sewer purposes, about the amount needed for the common needs.

And do we realize that while all this was going on in 1961, sales of cigarettes are estimated by the Tobacco Institute, about $4 billion worth, of which $4 billion sales and $8 billion of liquor are estimated by a spokesman for the Licensed Beverage Industries, Inc., to be well over

The Commercial and Financial Chronicle . . . Thursday, November 8, 1962

* (a) reliable project cost esti- mated capital bud- get to determine bond issue and costs, (b) estimated costs of operation and maintenance, (c) estimated costs of repairs and replacements, (d) evaluation of each year for total revenue requirements when such consideration the appropriate cover- age, (e) establishment of procedures for reorganization where each member municipality involved, including industrial waste survey, and procedural analysis of sewage quality for each member municipality, (g) financial condition and characteristics for each member municipality, and (h) determination of basis for rate structure, giving consideration to legal and financial condition, the applicable rate to structure to each member municipality on an

3. Schedule bond amortization over a period of time if it has been fairly desirable and portable, based on the useful life of the facilities anduntil the current year, prices are expected to frequent use as the end of the notes. Schedule debt service payable at a stable constant level of interest for at least a year after the estimated completion date of the project. A schedule will be made available on a date certain at an earlier time. Judgment may be based on the services in scheduling debt service requirement as the context of the early years in line with revenue projections.

The coverage factor has been defined to mean the presence of revenue bonds. With the regional economic condition in mind, it is possible to reduce the coverage to as low as 1.10% or even eliminate coverage, which is not workable and which is not necessary. The New Jersey financing pattern can and does be carried through it. The 43rd Denver Sewage District Law was in Colorado amended in the recent past that the financing features it makes possible, have a very significant effect on the problem of financing stadium projects. The development projectors and one another, and the strength of the issuing credit in other respects, important consideration in evaluating the net mortgage coverage margins and in determining the interest rate. Taking these things into consideration, the pure revenue bond should show a minimum coverage by to- tally of 1.50 times the interest rate, th most powerful to 1.50, or even 1.75 in the other extreme. It's like the idea that a person who is not able to13

The Supreme Court of Pennsylvania defined "current revenues" as "taxes for the current year and all liquid assets, such as de-

(B) Rate and cost allocation studies should be carried out as a basis for the evaluation. This should be a study in which the engineers, bond counsel and bond dealers work together, and in which all contribute special knowledge to a sound answer. The steps needed include:

(1) Reliable project cost esti-
form is the provision for beginning payments of allocated costs by member municipalities on a due certain rate determined in advance as the date the project is estimated to be completed and operating. This or a vector approximating it greatly minimizes the financial delay in controlling and the possi-

bility of insufficient funds to meet debt service requirements. In any event, this factor helps reduce the interest rate.

(7) A factor which has appeal to municipalities who are contracting for joint arrangement is the flexibility each member or contracting party can have in levying its share of joint costs on its own constituents. While the member municipality is not so free to set taxes or charge sewer rates to the extent necessary to meet its payments to the joint agency, it usually has the choice of raising the funds through a combination of taxes and state service charges or other sources.

(8) While the joint agency should eventually become the exclusive vehicle for sewage treatment within its jurisdiction, its system cannot be placed upon and integrated with the then existing facilities of the individual member municipalities in varying degrees depending on the circumstances. It is not necessarily essential that the first point of view to unscramble the egg be transferring ownership of existing treatment plants, trunk lines and collection system.

(9) One of the most difficult problems in the way planning, designing and financing joint agency financing by a group of municipalities of varying size, location, and character, not to mention politics, is determining the formula to be applied for allocation of the various costs among the participants. If it can be demonstrated that such cost is more or less, at least not materially higher than would result from individual alternatives, the appeal of an assured total solution should weigh heavily in favor of the joint agency solution. The chance of showing lower costs by joint action vs. individual action is very good we the alternative individual financing form must be pure revenue bonds.

Importance of Sound Planning

At this point we should further emphasize the importance in dealing with problems relating to financing during the planning and preparation stages and the desirability and perhaps necessity of providing a better legal vehicle. For a metropolitan area requiring substantial capital sewage disposal improvements, I am convinced that material benefits result if proper provision is made for deterring substandard housing and Home Finance Agency has made available grants or loans which materially help mitigate the preliminary financing problems but even Uncle Sam is not the completed project may be jeopardized for any one of a number of reasons. Voting may be inadequate in form to the merits of the project. A reliance on existing legal "vehicles" may result, even if they are not tailored to do the most efficient job. Too little preliminary engineering will require the use of too many estimates and too much compaction of the "design" before the horse. If a cooperative metropolitization or joint municipal 130

or delay in controlling, the results will be inadequate and costs of permanent financing can skyrocket.

In summary and conclusion, I may say again that many financing forms are available for water pollution control projects. Careful preliminary planning should include a review of existing legislation and any regulatory guidelines. The financial engineer, financial consultant and engineers to improve the project in the beaten path of least resistance—may defeat you in the end.

It is my impression that financing itself is not the major problem. The word financing is too often linked with factors other than financing which are more likely the culprits—inequitable or unimaginative financing, planning and preparation, unfinanced and uninsured public agitation, and narrow-minded political expediency.

If this federation does not have one, maybe it should consider the policy of forming a temporary subcommittee which can bring the force of this organization to bear particularly in the public relations area—giving moral support to a courageous Mayor and reaching out to sympathizers and making examples of those who have worked hard and slow the horse. How a definite spotlight on those who are backward.

An address by Mr. Gray at the Manage-

tement of the World Peace and Freedom Council Federation Conv

on, Toronto, Canada.

The advertisement in the Chicago Daily News on December 22, 1962, for the sale of the Chicago Jaycees. Last year he was responsible for the bank's exhibit which took first prize in design at the Chicago International Trade Fair.

Judges for the 1962 competition were Richard J. Daley, Mayor of Chicago; R. L. Milligan, President of the Pure Oil Co.; Dr. J. Roscoe Miller, President of Northwestern University; Donald Graham, Vice-Chairman of the Board, Continental Illinois National Bank and Trust Co.; and Jack Malby, columnist of Chicago's American newspaper.

DIVIDEND NOTICES

CORRECTED NOTICE

O'kiope Copper Company Limited

Dividend No. 41

The Board of Directors declares on October 20, 1962, a final dividend of 6 1/2% per share on the Common Stock of the Company payable on December 24, 1962, to stockholders of record at the close of business on November 24, 1962.

C. ALAN FEE,

President and Secretary
November 2, 1962

*ACF INDUSTRIES INCORPORATED

Common Dividend No. 172

A dividend of 6 1/2% per share on the common stock of this Corporation has been declared payable December 15, 1962, to stockholders of record at close of business November 30, 1962.

C. ALAN FEE, Vice President and Secretary
November 2, 1962

DIVIDEND NOTICES

*THE DAYTON POWER AND LIGHT COMPANY

Common Dividend No. 171

A dividend of 5 3/4% per share on the common stock of this Corporation has been declared payable December 15, 1962, to stockholders of record at close of business November 30, 1962.

C. ALAN FEE, Vice President and Secretary
November 2, 1962

*FLINTKOTE COMPANY

Common Dividend No. 173

A dividend of 6 1/2% per share on the common stock of this Corporation has been declared payable December 15, 1962, to stockholders of record at close of business November 30, 1962.

JAMES E. O'BRIEN, Treasurer
November 7, 1962

*137th consecutive dividend

RICHFIELD OIL CORPORATION

dividend notice

The Board of Directors has declared the regular quarterly dividend of forty-five cents per share on the common stock of the Corporation payable Dec. 14, 1962 to stockholders of record Nov. 15, 1962.

Norman F. Simmonds, Secretary

DIVIDEND NOTICE

The more than 720,000 owners of Standard Oil Company (New Jersey) will share in the earnings of the Company by a dividend, declared by the Board of Directors on November 1, 1962 and payable December 12, 1962 to stockholders of record November 15, 1962 at the rate of 70e per share of common stock.

1962 is the 88th consecutive year in which cash dividends have been paid.

Standard Oil Company (New Jersey)

J. J. BRUHL COMPANY

DIVIDEND NOTICE

MANUFACTURING COMPANY, INC.

Division No. 132

A dividend of 13 1/2% on the Common Stock Date, December 31, 1962 has been declared payable January 13, 1963 to stockholders of record on December 24, 1962.

R. R. LOEB, President
Brooklyn, N. Y.
Criteria for Sound Favorable View of 
And Municipal Financing

By Laura M. Logan, Wood, King, Dawson & Logan, 
New York City

Paper succinctly summarizes basic prerequisites for sound tax 
financing from a bond attorney's point of view. Stresses are 
that factors should improve ratings and marketability, and lower 
the interest rate of bonds. Notes that "common sense methods to 
restrict the amount of indebtedness, to preclude litigation chal-

cenging the validity of bonds after a reasonable period, and to 
assure that the projects for which the bonds are issued will 
be binding on the state or government will be required. The big-
gest problem threatening tax-exempt is the rising demand to 
remove tax-exemption from state and municipal bonds and, hence, 
depreciate the state's ability to borrow and finance its programs 
are advised to make it possible to Congress their opposition to such a step which 

It should be stated at the outset that what is set forth herein is in the nature of suggestions for dis-
cussion, made by the writer only, and intended to be a defini-
tive program.

The basic role of a bond at-
torney is to determine whether bonds are advisable, in particular the binding obligations of the issuer. As 

a general rule, an attorney who con-
siders that legal means are available for enforcing the obligations of the bonds will be in the business of advising in connection with this latter role in the case of a proposed bond. 

The general obligation and credit general obligations of a state constitute the two major categories. A state 
is a sovereign and cannot be sued 

without its consent, which consen-
t imposes a legal restraint upon its 

ability to bargain away its sovereign immunity. In other words, a state 
must be given to other means which 

would enable it to obtain, as a bond 
as acceptable, as possible, to the rating services, the "invest-
ments," of its obligations. 

In this respect, therefore, their marketability may be 

lowered in consequence of the state 

rate of interest obtained will be 

only such as will compensate for the 

risk and the lack of surety which 

is found in the bonds. 

What, then, are some of the criteria for sound state 

financing which should h epl 

aid those writing for the future? 

To the many variations in state 

constitutional provisions it must be 

admitted that there is no sure 

cure for this one can make only 

generalizations. For instance, of 

course, must be adapted to the need 

of consideration the existing 

constitutional provisions. But consider 

a combination of bonds and state 

be adopted when necessary to 

accomplish the desired objective. If such objectives cannot be 

accomplished by any other means, then we first list some of the criteria 

briefly and then discuss them in 

more detail.

1. A planned program of state 

projects for the immediate 

future, but also for a reason-

able number of years.

2. The designation of the 

official or group of officials or 

the agency responsible for the 

issuance of the bond, and thus 

the fact that this author be 

sufficiently experienced to follow 

by their recommendations.

3. Realistic restrictions on 

the amount and maturity of full 

and partial tax-exempt bonds 

which may be issued by the state.

4. A provision in the bonds 

that they may be called 

in any year, and the total 

amount of such bonds which may 

be outstanding at any one time. 

Both of these should be 

judged on the 

of the state.

5. The comprehension of 

bonds or revenue bonds. 

The state has an authority 

of the state, and it is important 

that the state have fixed 

revenue for a particular period of time. 

There is some evidence 

that the bonds will be 

invested in general 

solvency of the state and 

reduce the amount of 

bonds, which would be 

the result.

6. The amount of revenue 

that the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

7. The determination of 

the maximum amount 

of bonds which may be issued 

in any year, and the total 

amount of such bonds which may 

be outstanding at any one time. 

Both of these should be 

judged on the 

of the state.

8. The comprehension of 

bonds or revenue bonds. 

The state has an authority 

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revenue for a particular period of time. 

There is some evidence 

that the bonds will be 

invested in general 

solvency of the state and 

reduce the amount of 

bonds, which would be 

the result.

9. The amount of revenue 

that the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

10. The amount of 

the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

11. The determination of 

the maximum amount 

of bonds which may be issued 

in any year, and the total 

amount of such bonds which may 

be outstanding at any one time. 

Both of these should be 

judged on the 

of the state.

12. The comprehension of 

bonds or revenue bonds. 

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solvency of the state and 

reduce the amount of 

bonds, which would be 

the result.

13. The amount of revenue 

that the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

14. The amount of 

the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

15. The determination of 

the maximum amount 

of bonds which may be issued 

in any year, and the total 

amount of such bonds which may 

be outstanding at any one time. 

Both of these should be 

judged on the 

of the state.

16. The comprehension of 

bonds or revenue bonds. 

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invested in general 

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reduce the amount of 

bonds, which would be 

the result.

17. The amount of revenue 

that the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

18. The amount of 

the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

19. The determination of 

the maximum amount 

of bonds which may be issued 

in any year, and the total 

amount of such bonds which may 

be outstanding at any one time. 

Both of these should be 

judged on the 

of the state.

20. The comprehension of 

bonds or revenue bonds. 

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revenue for a particular period of time. 

There is some evidence 

that the bonds will be 

invested in general 

solvency of the state and 

reduce the amount of 

bonds, which would be 

the result.

21. The amount of revenue 

that the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

22. The amount of 

the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

23. The determination of 

the maximum amount 

of bonds which may be issued 

in any year, and the total 

amount of such bonds which may 

be outstanding at any one time. 

Both of these should be 

judged on the 

of the state.

24. The comprehension of 

bonds or revenue bonds. 

The state has an authority 

of the state, and it is important 

that the state have fixed 

revenue for a particular period of time. 

There is some evidence 

that the bonds will be 

invested in general 

solvency of the state and 

reduce the amount of 

bonds, which would be 

the result.

25. The amount of revenue 

that the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

26. The amount of 

the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

27. The determination of 

the maximum amount 

of bonds which may be issued 

in any year, and the total 

amount of such bonds which may 

be outstanding at any one time. 

Both of these should be 

judged on the 

of the state.

28. The comprehension of 

bonds or revenue bonds. 

The state has an authority 

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invested in general 

solvency of the state and 

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bonds, which would be 

the result.

29. The amount of revenue 

that the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.

30. The amount of 

the state can 

be paid out of the 

bonds, such as the 

for the payment of 

and the interest on 

bonds.
follow that advice? He suggests tax reductions which should form "part of a broader expan-
sionist policy in the fields of taxation and credit field." Such a stimulus to demand through the release of additional purchasing power would greatly strengthen the bar-
spending power and would further reduce their inclination to moderate their de-
mands.

What Jacobson Should Do

However, it is a matter for re-
joicing that Dr. Jacobson has at long last discovered the conflict in the trends of inflation and con-
tention and inflation and has found time to pay some attention to its causes—with his great influence in an attempt to make the trade unions realize that there could only be relaxation or indeed any other concession to organized labor unless and until they agree to conform to a policy of wage restraint, he could make a valuable contribution towards solving the deadlock arising from that conflict.

States Adopt Exam. Form.

A total of 16 states have now adopted the standardized examination offered to them by the New York Stock Exchange, Ex-
change President John J. Driscoll has announced in his report to the membership for the third quar-
ter.

Two states adopted the test during the quarter, Mr. Funston said. It is similar to the form used by the Exchange to qualify member firm registered represen-
tatives and was introduced in one state last year to help the states test the knowledge of candidates for state registration as securities sales-
men. The test covers a wide range of securities industry information.

Mr. Funston also reported that 280 candidates attended three training conferences at the Exchange during the quar-
ter, and that 43 of these candidates repre-
sented attended a "refresher" program there.

In other Exchange programs, Mr. Funston noted, some 700 teachers attended 14 training courses conducted with colleges and universities, stressing the role of the investment community in the American economy; some 100 institutional executives and 175 representatives of member firms attended an Ex-
change conference in Philadel-
phia, opening the Exchange's 1962-63 series of investment services offered by the Exchange in helping institutional investors make the most of their participation in the Exchange's marketplace.

Share volume on the Exchange averaged 3.4 million shares in the third quarter, compared with 3.3 million shares in the same quar-
ter last year and 4.7 million shares a day in the second quarter of this year.

The Exchange's net revenues after taxes for the first nine months of 1962 totaled $1,707,000, compared with $1,538,000 in the first nine months of 1961. The 1962 figure included $814,000 from increased charges specifically earmarked for the New Building Reserve set up at the beginning of this year to provide initial financing for a new Exchange building.

Funds Report:

Pioneer in More Ways Than One

Fund folks have been known to hallow with rage at "academic theoreticians" who compare the results obtained by the investment stewards with the performance of a sort of stock market averages. Yet, with close study, fund holders, the performance of their portfolio with the action of the Dow Jones Industrial Averages, their stocks have acted better than the famous old average.

And, of course, in the most trying year, who fill out their reports to the holders with information that is wholly impert-
tinent while neglecting to tell the owners of the business plainly that their savings per share have de-
clined.

Not that all fund men are guilty of such an oversight. It is far from it. The kind of reporting that stirs the admiration of investors is to be found in reports from old-time Pioneer Fund. This com-
pany, Mr. Funston admitted, is still in fine, fresh mind, discusses its own hits, runs and errors.

At Pioneer, checks up an error against itself. It seems the company sold the preferred and common of Standard Fruit & Steamship at "very low prices" in the spring of last year. The Pioneer people go on to explain that "Combined holdings representing a cost of $322,000 at the end of 1961 were sold at a loss of $241,500. By way of rubbing salt in the wound, a glance at recent reports, shows that blocks of stock held would have been worth, at Sept. 30, 1962, $1,390,000, at the end of the report as of 1960. Here, plain-
ly, was an error of judgment re-
flecting a regrettable lack of courage.

There is no lack of courage i-
telling the world that sort of thing. Nor does it denote lack of wisdom, for, as Pioneer here is trea-
ting the shareholders in the adult manner that they have a right to expect.

And if Pioneer felt called upon to admit an error, it also could present such an admission as an il-
lusory to "a handsome paper of pi-
ety." In the case of the Standard Fruit & Steamship, the stock was bought initially in March of 1958, when Sinner gener-
ally, and the company believes firmly, "fine old company." It was few people's idea of a growing situation. In the intervening years, interests, vigor, youth and ideas, old Singer has developed into a company that, in Mr. Funston's own words, "Pioneer feels no urgency to turn this hit into a run."

For, if Pioneer can claim a run with the sale of its Miles Saving Company, it thinks the company, costing less than $500,000, were sold for more than three times that amount.

The point of all this, of course, is that fund folks are able, but able to make the extremely valuable to them that individuals tend to turn to them for management. These fund investors are the minds of the funds: diversity of port-
folios.

Many an investor, going it alone, has been badly hurt in situations such as Standard Fruit & Steam-
ship, sometimes so painfully that he never returns to the market-
place. A Pioneer is admirably suited to taking a loss in one situa-
tion and making it up in an-
other.

The funds can win a lot of new friends and garner considerable in-
fluence by simply telling their story in Pioneer's terms. If a fund feels arou-
ted off the outlook for the economy and the foreign situation, it will have him the privi-
lege. But, more than anything else, what the investor demands now, the funds can run the business is an insight to its activities and fortune.

And make no mistake about it: there is growing up in this coun-
y a sophisticated investor. He is prepared to assume risks and rec-
ognize the problems of the stews-
tards. He does not want to see the funds are going up or capital gain.

He does the second because, while hiring counsel may not be easy, going it alone could be prohibi-
tive in cost. This fellow is en-
titled to plain talk, even when it's unpleasant.

The Funds Report

Blue Ridge Mutual Fund reports that at Sept. 30 total net assets amounted to $10,687,968, or $11.81 per share. Total net income for the quarter ended Sept. 30 and total net increase from income of $37,266,051, equal to $0.23 per share, at Sept. 30, 1961.

Fundamental Investors reports net asset value per share rose from $10.62 at June 30, 1962, to $10.73 at Sept. 30, 1962,

International Investors reports net assets at Sept. 30, 1962, were $19,323,578, or $13.28 per share, against $1,357,704, or $0.91 a share a year earlier.

Investment Co. of America reports that total net assets amounted to $12,898,380, or $10.00 a share, at Dec. 31, 1961, was $11.71 and June 30, 1962, it was $13.59. It was $11.42 on Sept. 30, 1961.

During the latest quarter new investments appearing in portfolio were ACP Industries, Commonwealth Life Insurance, Harris Intertype, Radio Corp. of Amer-

Total net assets of George Paine Fund of Boston were $262,531,000 on Sept. 30, compared with $248,977,000 on June 30, and $236,000 a year earlier. Net asset value a share was $13.51 on Sept. 30, compared with $12.76 a year earlier and $17.08 a year earlier.

Shareholders' Trust of Boston re-
ports total net assets on Sept. 30 were $91,357,200, equal to $8.53 a share, against $7.51 a share, at the end of the preceding quarter.

Net assets of Wisconsin Fund were $173,806,000 at Sept. 30. This works out to $0.62 a share, against $7.40 a year earlier.

Japanese Banker Hails Lowering Of Discount Rate

"Japan's tightly controlled economy is certain to become far more flexible when the Bank of Japan's unofficial discount rate action which has put the nation's economy on the road to recovery, " according to the opinion of Japan's largest commercial bank — the Fuji Bank, Ltd.—as a result of the Bank of Japan's decision to reduce the discount rate to 6.0%.

"Equally significant with the lowering of the bank rate is the Bank of Japan's decision to open open-market buying operations as a means of adjusting the currency supply. This will greatly assist the normalization of Japanese bank-
ing practices since heretofore it has had adjusted the currency through loans to commercial banks.

"At the same time, the Bank has reduced the punitive interest rates charged commercial banks for borrowings in excess of their quotas and lowered their reserve requirements. This means that the Bank has decided to direct the econ-
omy toward new and sounder growth.

"The Japanese commercial banks have cut their prime rate to 3.75% and reduced discount rate, effective Nov. 1."

Although the easing of the dis-
count rate will, no doubt, cause the interest rates for commercial banks to represent a partial repeal of the government's "credit-money policy," Mr. Takahashi noted, "the action will not lead to another economic recovery immediately because the cause of the present un-
employment is yet to be overcome in several months. However, the Bank of Japan's action is a significant step toward increasing the ef-
ficacy of Japan's financial opera-
tions."

According to Mr. Takahashi, the decision to cut the official discount rate was based on the fol-
lowing:

(1) The surplus in foreign ex-
change receipts over payments for the current account for the past sev-
eral months.

(2) The favorable balance of payments since July, as a result of increased exports and stabil-
ized imports.

(3) A deterioration in actual business conditions while exports show a sharp increase and the recent
changes in reports of Japan's major cor-
porations for the half year ending Sept. 30.
Mr. Miner’s revealing behind-the-scenes tour of his bank’s municipal investment operations and objectives stresses the importance of obtaining p.m. half of total investments to be in tax-exempt securities. And a higher rate of return than other eligible investments. In fact, with regard to the portfolio, the entire portfolio of any municipally issued securities on a fully taxable basis, including Treasury holdings, which has exceeded $160 million, is held in a fully taxable, non-interest-bearing account, with the exception of $110 million in municipal notes, which have a $20 million total account, including stated income.

This does not give any weight to the difference of the high yield given by municipals and the service of loans. However, we are in the banking business, want to stay in business—and there are loans essential to us.

I mentioned flexibility. Both our bond department and our investment officers are interested in what is the best course of action, in order to remain competitive. They are always listening to the market, and try to work with dealers in the market, asking for and get prices.

It is good to look back and ahead. 

Since change is inevitable, it is not unusual that the financial structures and policies have been under going, and are under going, changes in this country for the past several years. We find that the majority of our bond department, and the majority of our investment officers, are interested in what is the best course of action, in order to remain competitive. They are always listening to the market, and try to work with dealers in the market, asking for and get prices.


By Donald A. Miner, Vice-President

Chemical Bank New York Trust Company, New York City

The key to our municipal portfolioperations is flexibility. This is not a secret figure, but let me outline the reasons.

We have not changed our total portfolio materially since the last amendment of Regulation Q last December. We have invested in the metals, in the manufacturing and utility companies, 50% of our investment portfolios, municipals and notes for years.

This is not because we feel that the metals seem to be the level that give us the best use of money.

The Municipal portfolio contains two accounts. The first consists of bonds due within roughly six years, the second contains the called long account in which are placed all bonds with a maturity, or shorter maturity, of seven years.

In the first account to which we look for liquidity as well as a reasonable income. The short accounts contain about $300 million including notes of about $40 million. The long accounts contain about $200 million, and the bonds are placed just under 20 years to maturity.

As I have already told you, the bank buys mostly A and BAA rated issues for the short account, but will buy non-rating agencies and sell them when we feel that the market meets the requirements of both the bank’s and the customers’ needs.

That policy not only provides good income, but permits the purchase of improving credits when investigation reveals areas of investment that other buyers have neglected.

In the long account we buy primarily A or BAA rated issues. We try to time our purchases to maintain a large volume of 3% without buying discount bonds. We like that income.

There is no policy decision on the percentage of revenue bonds, but it has worked out that we hold about 40% revenues to 60% G.O.s.

That gives you a picture of our present portfolio. The result of constantly trying to take advantage of market opportunities is to maintain our portfolio and/or the rate of income and marketability. For example, we sold every bond every day we had. At the year-end we did not own a bond, and we bought a bond every day. We sold at the market and we bought — sometimes we bought and sold at the same time, and do not swap. As a result of our 1957 transactions, we were able to increase our income to the point where we had erased a loss of several million dollars by the end of September, 1958. After that, we increased our rate of income was purely for the effect, that we could “have our cake and eat it too.”

As banks of course, we have responsibilities to different types of people. If important, naturally, are our responsibilities to our depositors—who also come to us for safety. Obviously, we need to be in a position to take care of our needs. The money must be always available to us.

In 1958 we had a larger loan increase than we anticipated. In addition, New York City banks suffered an attrition of deposits. This happened to City banks in a poor bond market. For various reasons, we could not take the big losses that would result from any sale of municipals. So we sold Municipal bonds. The money we had on or over three years. We were willing to take a loss of $160 million more Municipalities than we bought. Since this was a "loans" year in securities, and we didn’t want to erode our reserve, certainly we did not want to take either larger losses or profits.

The liquidation of $160 million would mean that our customers’ costs were less than $2 per thousand—which amounts to a reduction of 25 cents a thousand for short-term bonds.

In selling, we had another sharp squeeze in February, 1960. We then sold, in three weeks, over $100 million municipals at a loss of $30 thousand for the bundle. We could have raised this amount at a profit but did not want to give up the income of our lowest cost holdings.

This, I think, shows that municipal holdings give us liquidity for our deposits.

Another responsibility is to our nation. The U. S. Treasury portfolio does its share. Banks, however, also have to help the smaller borrowers. Our Commercial departments have been sold to corporations all over the nation. We, in the Municipal portfolio, try to help buy bonds where the combination of credit and need justify the sale. We believe that the purchase of municipals to New York any more than the corporations to which we lend the money is money to New York.

This gives us diversification of our investments and the satisfaction of helping to finance communities which progress across the nation.

Finally, we have a responsibility to our bank’s stockholders. They want and deserve income—a reason simply.

Here again, I think we can show that the holding of municipals is a good one. In fact, for the last several months, Chemical New York’s Investment Department has operated, on a fully taxable basis, including Treasury holdings, which has exceeded $160 million, is held in a fully taxable, non-interest-bearing account, including stated income.

This does not give any weight to the difference of the high yield given by municipals and the service of loans. However, we are in the banking business, want to stay in business—and there are loans essential to us.

I mentioned flexibility. Both our bond department and our investment officers are interested in what is the best course of action, in order to remain competitive. They are always listening to the market, and try to work with dealers in the market, asking for and get prices.

It is good to look back and ahead.

Since change is inevitable, it is not unusual that the financial structures and policies have been under going, and are under going, changes in this country for the past several years. We find that the majority of our bond department, and the majority of our investment officers, are interested in what is the best course of action, in order to remain competitive. They are always listening to the market, and try to work with dealers in the market, asking for and get prices.

...a talk by Mr. Miner before the In

vestment Seminar of the New York Bankers Association, New York City.

A New Investment Policy For Savings Associations


The Federa...
with the end of the great 1955-57 boom. Since that time, the growth of the U.S. economy has been restrained, excess capacity and higher levels of unemployment appeared, the seller's market began to give way to a buyer's market, and price inflation began to peter out. But perhaps the most significant feature of this period was the realization that we could no longer pursue inflation and debt management policies solely in response to domestic economic conditions. The reconstruction of war-ravaged economies abroad, international economic reconnection, and imposed limitations on our financial and economic policies had left us with all the salient facts for the last several years. The United States has been experiencing payments deficits of between $2.5 billion and nearly $4 billion annually; the U.S. gold stock which in 1933 stood at $23 billion, is now down to about $16 billion.

**Imbalance of Payments**

The reason for this deterioration in American national economic and financial position is well known. Our trade and balance of payments have shown a large surplus—most recently of between $5 and $6 billion annually. This surplus, however, has been more than compensated for by outflows of funds on three accounts: (1) investment in foreign countries; (2) U.S. military expenditures abroad and foreign aid; and (3) increase of our trade surplus, or by a consolidation of some or all of these factors.

In point of fact, all four items have taken steps to ensure that they will not be sufficient to reduce the value of personal goods that American tourists are allowed to bring back from abroad duty-free, and to encourage more foreign tourists to come to America. In this country, however, the tourist trade has not yet been established, and a large number of people are attracted by the reduced costs of living in other countries. Consequently, this country will have to do more to attract these tourists.

The Federal Government has taken steps to ensure that it will be able to maintain the value of our currency and to encourage the growth of foreign trade, and we believe that it will be successful. The value of our currency is now at a level that is comparable to that of other major currencies, and we believe that it will be able to maintain its value. The Federal Government has also taken steps to encourage the growth of foreign trade, and we believe that it will be successful. The value of our currency is now at a level that is comparable to that of other major currencies, and we believe that it will be able to maintain its value.

**Our Reporter on GOVERNMENTS**

**BY JOHN T. CHIPPENDALE, JR.**

It is evident that the money and capital markets still bear the dark shadows of the very delicate inter-temporal adjustments which the level of interest rates may have on the flow of international short-term funds.

**Change From Bills Preferably**

It has already been demonstrated that one of the financial policies of the Federal Reserve Board is to abandon the "bills preferedly" policy which had been in operation to stabilize the operations to short-term government securities. Since that time we have been able to see how the Federal Reserve has been able to guide the flow of funds into the private market and how it has been able to influence the flow of funds to the government.

Our report on the government securities market has been published. We believe that the government securities market is now in a condition that is similar to that of the private market. The government securities market is now in a condition that is similar to that of the private market. The government securities market is now in a condition that is similar to that of the private market.

The putting of funds into obligations that have a good yield or rate of return is gaining in momentum and this indicates that funds should continue to be allocated to foreign short-term funds. Short-term interest rates at a sufficiently high level seem desirable to stem the outflow of American short-term funds, and if possible, to attract foreign short-term funds.

On the whole, the purpose of the transaction is to reduce the outflows of short-term capital from this country and to replace them with inflows of funds from abroad. If we succeed in reducing the outflows of these funds, we may be able to reduce the demands for foreign exchange and thereby devalue the dollar. The exchange rate will now come to be less important in international trade, since the dollar is in a much better position than it has been for some time.

As a matter of interest, it appears that as a result of our increase in foreign trade and investment, we have been able to maintain our currency at a level that is comparable to that of other major currencies. We believe that we will be able to maintain our currency at a level that is comparable to that of other major currencies.

**Deflation, Net Inflation**

The interest in fixed income securities has increased, not only among pension funds and other institutions, but also as other institutional groups have been influenced. This increased interest in fixed income securities is a positive development, and it is important that we continue to support this trend. The interest in fixed income securities has increased, not only among pension funds and other institutions, but also as other institutional groups have been influenced. This increased interest in fixed income securities is a positive development, and it is important that we continue to support this trend.

Bond Auction Awaited

The long-term government bonds are still favorites of non-public pension funds and there are indications that some of the private ones are now replacing larger purchases of selected munici-

**Short-Terms Still in Demand**

Purchases of short-term obligations are still very large in amount, and there does not appear to be any much uncertainty about the short-term market. However, it is uncertain whether the short-term market will be able to maintain its position.

The international situation, however, is still a big question mark. There appears to be more in line with those of England. This will give some help to the balance of payments problem. The Treasury will now need to borrow only about $1,000,000,000 to meet the 1963 deficit requirements.

**Refunding Hithauu Successful**

The year's last refunding venture was a success. The first $800,000,000 of the $3,900,000,000 of maturing obligations were turned even easier than expected. The 3½% certificate due Nov. 15, 1963 was taken in the amount of $4,184,500,000, the 3½% note of Nov. 15, 1965 was accepted to the extent of $3,244,500,000 while the 3½% note of Feb. 15, 1972 showed a total of $2,503,000,000. This was an outstanding success, and we expect that the Treasury will continue to have a successful operation.
Pension Funds' Importance in the Securities Market

By Carlisle Barger, Senior Editor, and James O'Leary, Senior Editor, The New York Times.

The importance of pension funds in the securities market has been growing steadily over the past decade. In 1960, the total assets of pension funds were approximately $12 billion, while by 1970 they had increased to $21 billion. This growth in assets has been driven by several factors, including the increasing popularity of pension plans among employers, the rising costs of labor, and the changing demographics of the workforce.

In recent years, the role of pension funds in the securities market has been highlighted by the increasing proportion of their assets that are invested in securities. According to one estimate, in 1980, pension funds held approximately $150 billion in securities, representing about 85% of their total assets.

The significance of pension funds in the securities market lies in their ability to purchase large blocks of securities at once, which can have a significant impact on the prices of those securities. This is particularly true for securities that are relatively illiquid, as pension funds can provide a much-needed demand for those securities.

In addition, pension funds have a long-term perspective, which can be beneficial for companies seeking to raise capital. By providing a steady stream of funds, pension funds can help companies to smooth out demand for their securities over time, which can make it easier for companies to plan their financing needs.

However, the role of pension funds in the securities market is not without its challenges. For example, the large size of their holdings can lead to market imbalances, as pension funds may be unable to liquidate their holdings quickly enough in the event of a downturn in the market.

It is clear that pension funds will continue to play a significant role in the securities market in the years to come. As the number of pension plans continues to grow, and as the proportions of assets held in securities continue to rise, the impact of pension funds on the securities market will become even more significant.

The information in this report has been compiled by The New York Times, and is based on data from various sources, including the Pension Research Council, the Securities and Exchange Commission, and various other financial institutions.

The report was prepared by Carlisle Barger and James O'Leary, and was published in The New York Times on July 1, 1981.
The Market... And You
BY WALLACE STREETE

Stocks this week continued to explore new peaks. The July 4 summer rally was topping out and did so with good persistence despite strong indications that profit-taking. Turnover was high enough to indicate some renewed participation from new buyers, and the interest that have been on the sidelines for a long time.

Prospective Dividend Action
Some of the larger firms have anticipated some good year-end dividend action. In the case of General Electric, it seems to be the case. The auto colossus had startled Wall Street last year with a substantial year-end extra and helped, at least temporarily, the entire market.

This year the company, heading toward record profits, doubled the year-end extra. While this was more of a return to with expectations, it was enough to send the issue to a new peak for the year as the immediate reaction on the West Coast where trading was still in progress when the news broke.

The move and, as a matter of fact the entire year's price action by General Electric, was to make holders of the shares more of the market follower. The company had earlier chased the shares even at the year's high of 57, they have no less than 50 points higher as the market break and the violent market reaction to the Cuban crisis. And even at the low, the 15-point spread made the G.E. stock more than twice as actively, particularly when measured against the 40 to 50 decline in others in recent weeks.

International Nickel was also a happy dividend situation, increasing the quarterly rate and adding the fact that war profits export to G.M., the shares of INCO had been driven some 30 points under its new all-time high when the announcement, however, did serve to lift them well above the year's low.

The depressing note in the dividend parade was Homestake Mining where a year-end payment that had been the pattern but it was omitted this year. The action killed off any part of the year's profitiness that Homestake, along with the other golds, had been enjoying with those parts of the market with almost no other gold than the traditional refuge American Telephone, which won't meet for its regular dividend by a margin of weeks, was starting to show speculative interest from traders who were buying the stock on the hopes that A.T. & T.'s earnings have run far ahead of the dividend requirement for eventual improvement over the more 250 points from the low posted in the Cuban crisis. The stock has now been moved up half a score of points from the low posted in the Cuban crisis. The stock has now been moved up half a score of points from the low posted in the Cuban crisis.

Encouraging Defense-Issue Action
The most encouraging news was that turned in by the defense section, notably the aircraft industry. The United Aircraft was a repeater on the list of new highs and Lockheed was positive in the group. In fact, its previous peak on any small upsurge.

It all adds up to vindication for the school of thought that grew up last year to the effect that any new upsurge would concentrate on the quality items within the group. Currently, earnings and dividend records, instead of the glamour issues that had been at the forefront, and such companies were widespread and fundamental factors were being ignored.

A Blue Chip's Resurgence
Du Pont, once the leading favorite of "growth" situations, fell out of much of this favor in the last half a dozen years when its earnings performance was rather bleak. But there are early indications of a change in its fortunes that has given the shares occasional popularity.

First came a management preclusion that its operating earnings would rise about 20% this year to partly off the loss of G.M. This is expected to be in line with the extra payment by the auto firm to bolster Du Pont's total net.

That made Du Pont a candidate for an unchanged total payout this year where the distribution of $2.20 per share had early put the $3 year-end dividend in jeopardy. The new policy looks like it will run well more than a second dividend paid this year and it will be in line with the stated policy of paying out 70% of the operating profit and passing along the G.M. payment.

Expanding in Improving Photographic Field
Du Pont, like other chemical companies, has been the target of weak product prices with which to contend. Its course was to em¬ploy the money it had earned to put further ahead, the $7.50 dividend paid last year. It would still be in line with the stated policy of paying out 70% of the operating profit and passing along the G.M. payment.

New Space and Missile Provider
In a shift, the company's chief of course was to develop fuels for rockets and participate in the expanding space and missile field. It in part helped the company stand out as the major chemical officials was excited by the "Space Age" and broken improvement in earnings over the last four years.

Military business is expected to continue strong for a longer time. The Hercules Powder with a fourth of its sales this year, up from 15 last year, is expected to continue, despite the heavy expenditures needed to build up this section of its business, to be boost per share profit by half to give it a good record for profitability. Military price of the stock was cut back some 30% from last year's peak and has swayed with the declining market.

A Tool Maker's Improved Prospects
Machine tools have been out of favor for long, and Chicago Pneumatic Tool in particular, which owns a 80% interest in a above-average yield running to 6% available from this leading tool maker.

Chicago Pneumatic's earnings peaked out in 1937 and have been trending lower in general holding to a high plane. It is believed that decentralizing on developing foreign markets and to it has moved ahead with diversification, whether it takes the form of acquisitions or new developments. To its followers, the firm has progressed to the point where this year it should boost total sales to within touching distance of the 1937 peak, since they were up 9% for the first half of this year.

The hopes that center on Chicago Pneumatic for the future are Halsey, Illinois, the Southwark Market, the extent to which tax legislation designed to boost capital in the housing field, and the increased activity in auto, construction and railroad equipment, this well-run company, exception¬ably to any other, holds a high yield is available at levels that are from inflated since the stock, which has been of running a score of points, despite the influences of the recent post-war changes.

The views expressed in this article do not necessarily at any time coincide with those of the "Chromides," 20% are presented as those of the author only.

The CHANGING CHARACTER OF BANKING
Since World War II commercial banks in the United States have become very different. During the war years banks, in order to finance the conflict, became vessels of the War and Treasury. Since the War the pent-up demand for goods and services has given a sudden demand for bank funds with a resulting change in the loan ratio. As is shown below, the loan ratio has increased from a very low to a present rate of close to 69% for most major commercial banks.

Loans As a Percent of Deposits

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<td>Mr. Doehner, who joined First Boston in 1956, is a member of the Buying Division, Underwriting Department.</td>
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<td>Mr. Steffens is a member of the National Sales Department, specializing in Government securities.</td>
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<td>Bond, Richman &amp; Gerard, 160 Broadway, New York City, announced the retirement of Max Shapiro as a partner in the firm. Mr. Shapiro will con¬</td>
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10 N. Y. CITY BANK STOCKS
3rd Quarter Comparison & Analysis

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BANK AND INSURANCE STOCKS
This Week — Bank Stocks

NATIONAL AND GRINDLAYS BANK LIMITED
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Laird, Beesley & Needs
15 Boston Avenue, New York, N.Y.
Members American Stock Exchange
Telephone: Bicker 1-2900
Sells Stocks of percentage of Blog
Speculates in Bank Stocks

Bankers to the Government in
ADEN — KENYA — UGANDA — ZANZIBAR

Branches in
INDIA — PAKISTAN — BURMA
ADEN — SOMALIA — EAST AFRICA

The present location of...
COMMENTARY

By M. R. LEFKOE

Is a businessman's right to go out of business or to declare bankruptcy a justifiable one? Does the government have the authority to withhold permission if it believes that his motives are not right? Questions like these are raised anew in the Anglo-American system of jurisprudence, a court's ruling being binding on all parties concerned unless it is modified by a higher court, or until a new law is passed which clearly supersedes the decision. The National Labor Relations Board, however, refuses to be bound by any such court determination of justice, and has stated that it will reinterpret all law and court determinations in the light of its own determination of "the normal demands of any transitory age.

The NLRB unquestionably ignored the Circuit Court's decision last month in ruling that, in the event of the going out of business (in the Board's opinion) primarily of the Deering Milliken, Inc., it had violated the Taft-Hartley Act.

The Board announced that it "would not be bound by the Deering Milliken, Inc., a major textile company controlling the destinies of some 500 workers who lost their jobs when Deering Milliken terminated its operations in 1956. Moreover, wages must continue to be paid until the discharged employees have found "substantially equivalent" employment.

Also, the Deering Milliken had no legal connection with Dartington, the firm which went out of business, and some of its shareholders also owned stock in the "guilty" firm. Thus, the Board held that the two firms were intimately connected and ordered Deering Milliken to assume the liabilities of its "affiliate.

The Court's Decision

It is not particularly relevant whether the Deering Milliken should be held liable for the actions of Dartington, nor even whether Dartington closed its plant primarily as a result of its workers electing the Textile Union as their bargaining representative. The Court's decision referred to above stated: "But none of these reasons, so far as they mean to mean that an employer does not have an absolute right, at all times, to permanently close down and go out of business, or to actually dispose of his business for another. The proper reason by which you may choose, whether union animosity or anything else, and without his being subject to a subjective disability under the Labor Management Relations Act for such unfair practices as he may have committed in the enterprise, except, of course, if he has attempted actual and permanent closing or true and bona fide change in ownership of the enterprise.

The NLRB's Thinking

In order to have arrived at a decision so totally at variance with this concept, the NLRB must have "reasoned" as follows. First, it decided that Dartington had "gone out of business in order to avoid its obligations to its workers, sweeping aside the company's statement that it was forced to close Dartington... fully justified the decision," then, ignoring the Circuit Court's pronouncement that a company has an "absolute right" to close its doors for any reason it sees fit. The Board reasoned that, due to its imputed motives, Dartington's action in closing its plant constituted a "misuse" of the labor process; then, by imposing what is probably the largest back-pay award in the history of the labor law, it safeguarded the Court's decision that all liability ends for a company that closes; finally, in order to find some existing company to pay the penalty it was planned to announce, it decided that the dictionary deserved no more respect than was accorded it in finding the definition of an "affiliate" company beyond recognition.

The Basic Issue

Last week's decision "that the whole business community must challenge the all too prevalent tendency of government regulation is necessary in order to preserve free enterprise." However, express a similar point of view. The Board's statement that, with the recently demonstrated this week that one particular government regulatory agency is dealing with a business rather than preserving it, I can almost hear some of my readers saying: "If you don't agree with the Board's interpretation of the actions taken by the various regulatory agencies, it is the members of the agencies who are to blame. If better men were appointed to run the agencies, then the arbitrary decisions you cite would not be possible, and the situation would end in what I could call their originally intended function of preserving free enterprise.

This particular conclusion constitutes one of the most disastrous errors businessmen have made. If the government regulatory agency makes it impossible for its members to perform their job without destroying the essence of private property.

Consequently, because private property is indivisible, and individual rights are indivisible, to sanction a single government act whose purpose is to control the use of private property is to concede that individual rights are not inalienable. At that point, it becomes irrelevant who does the regulating, what pretexts are used to justify government withdrawal of individual rights, and whose rights are destroyed.

Either a government which recognizes and protects property rights (and all other individual rights) or it is a government which does not protect the citizen's life in freedom or do they not. There is no third alternative.

Siegel Wire to Woodcock, Moyer

Sidney A. Siegel & Co., Inc., 39 Broadway, New York City, have announced the acquisition of a private line to Woodcock, Moyer, Prickett & French, Philadelphia, members of the New York Stock Exchange.

Admits Partners

Rittmaster, Voisin

Rittmaster, Voisin & Co., 260 Madison Avenue, New York City, have announced the admission of the New York Stock Exchange, on Nov. 15 will admit Fygel Sigoda Marks, Julius Marks and Netz to general partnership.

Savannah Electric and Power Company

Savannah Electric & Power is one of the smaller electric utilities (revenues about $13 million) which has enjoyed excellent growth although share earnings in recent years have shown a steady increase and that with good sales in earlier years. Trusts for the W. H. Doner family and the Donner Foundation own 27% of the common stock, being represented on the Board of Directors by A. C. Rittmaster, Jr., chairman, and Donald A. Meyer, vice-president. The company serves electricity to an area of some 2,000 square miles in the southeastern coastal area of Georgia, with metropolitan Savannah being 80% of the population. In the area approximates 200,000.

Savannah is an important port which enjoyed a big revival during the Depression that decade over $180 million was invested in new or expanded industrial facilities in the metropolitan area. In recent years new plants were established by such companies as American Cyanamid, John-Manville, Southland Oil, American Bitumuls (Standard of California), Savannah and caffe a (Etob). Diamond Manufacturing, Chemical Packaging (recently taken over by St. Regis Paper Company), etc. Multi million dollar expansion programs were carried out by Union Bag & Paper, National Paper, Hercules Powder, American Cyanamid, Ruberoid, Savannah Sugar & Refining and others. Industrial payrolls in the Savannah area more than doubled during the past 10 years, and the unemployment of 1946 was 1967. Savannah is now the leading foreign trade part of the South Atlantic coast. Despite the growth of industry in the area, rates for current purposes are 44% residential, 48% small commercial and industrial, with only 14% in the large commercial and industrial category, and 9% miscellaneous.

The company, covering a period 1933-41, the number of customers having increased at an average annual rate of 3.4%, while usage by residential customers increased 6.4% per annum, that is, both sales gains and reducing by 10.0%, small commercial and industrial 6.3%, large commercial and industrial 10.2%, and other 8.0%. Revenues showed an average annual increase of 7.1% (recently 5.2%), the operating ratio dropped from 57% in 1933 to 44% in 1961.

The reduction in the operating ratio was due largely to a saving in fuel purchases. The rate structure was increased in 1938, was one of the first of its size to have a rebate cycle and produce energy at 10,000 Btu per kwh. With the addition of the second unit in May 1958 a new plant having been completed in 1968, was sold at over 20,000 Btu at present. With these real costs resulting in part from reduced freight rates, fuel costs have been reduced. The company now expects to benefit by increased interchanging and utilizing its geographic and economical advantages.

This substantial improvement in operating costs was partially offset by increased depreciation, taxes and fixed charges which in the aggregate increased from 31% to 39% of the revenue dollar. However, net income increased from 37% to 37% percent in 1959 from $1.46 in 1938; however, in 1939 there was a decline to 1.23, followed by a rise to $1.36 in 1961. Due to a sharp drop in the credit for interest charges per house, any amount paid and the result of $1.43 (earnings for the 12 months ended June 30, were $1.41). Excluding the erratic interest credits there would have been an increase from $1.31 in 1961 to an estimated $1.40 for 1962. President Mr. McClurkin, at a recent talk before the New York Society of Security Analysts, projected 1963 earnings in a range of $1.69-1.70, a substantial gain over 1962. Assuming that this estimate works out, the average annual gain in share earnings for the decade would exceed 8%; however, excluding the sharp increase in 1953 the average would be reduced to 5.68.

Capitalization compares as follows:

Debt: ($000) 1960 1961
First mortgage bonds 8,658 6,225 729 795.4
Debentures 3,200 16.0 5,400 9
Total long-term debt 11,858 69.2 51,192 77.4
Bank loans 2,100 3.2
Preferred stock 3,000 5.0 9,406 9.1
Common equity & earned surplus 5,163 25.9 16,069 26.8
Total capitalization $30,041 100.0 54,316 100.0

After adjustment for the 2-for-1 split in 1957 there has been an increase in common stock outstanding of about 25% due to equity financing in 1957 and 1960.

The construction program during the period 1963-47 is expected to total about $21 million. No permanent financing is anticipated before 1967. The company is able to meet its needs through bank credits, according to President McClurkin. In 1967 the company might issue preferred stock and bonds, depending on the market. The stock has been selling recently over-counter around 31, compared with this year's range of about 27-24, and last year's 46-50. Paying $1.20 the yield is slightly under 4%; the price-earnings ratio now approximates 20. Dividend payout is on the high side at about 85%.
First National City Bank New York has announced the establishment of its Electronic Data Processing Department to serve the special financial requirements of these growing multi-billion dollar industries. T. Carl Wedel, Vice-President, heads the department under the supervision of Edward L. Palsner, Senior Vice-President.

The latest of First National City's special industry departments to be established under the supervision of Edward L. Palsner, Senior Vice-President, is its Electronic Data Processing Department. The department is being established to serve the special financial requirements of these growing multi-billion dollar industries. T. Carl Wedel, Vice-President, heads the department under the supervision of Edward L. Palsner, Senior Vice-President.


The Western Pennsylvania National Bank, Pittsburgh, has announced the promotion of Mr. B. G. Foley to Vice-President. Mr. Foley joined the Bank's Washington Trust Office where he has been an Assistant Vice-President.

The United States Trust Company of New York has appointed Anthony Francis, John T. O'Brien and Elmer A. Rogers Assistant Secretaries and James J. Brasco as Assistant Treasurer. Mr. Francis is a senior security analyst in the investment division. Mr. O'Brien is a municipal bond specialist in the investment division. Mr. Rogers is in charge of the electronic data processing operations department. Mr. Brasco is supervisor of the budget and cost accounting section of the general accounting department.

The Sumner Trust Co., Huntington, W. Va., has announced the promotion of Mr. F. G. Betts, a Director.

The merger of the $131 million First National Exchange Bank of Richmond, Va., with the $3.5 million Farmers and Merchants National Bank, Blacksburg, Va., was approved Oct. 29 by Comptroller of the Currency James J. Saxon. The merged institutions will operate under the title "First National Exchange Bank of Virginia." An approval of the application to consolidate the $11.4 million Liberty National Bank of Fremont, Fremont, Ohio, and the $11.5 million Lindsay Banking Company, Lindner, Ohio, was granted Oct. 29 by Comptroller of the Currency James J. Saxon. The consolidated banks will be operated under the title "The Liberty National Bank of Fremont."


At a meeting of the Board of Directors, Gilbert J. M. Coffin, Jr., retiring President, announced that Mr. Coffin had been elected Chairman of the Bank's Advisory Board. Mr. Coffin has been Vice-President of the Bank and, prior to that, was associated with the Pullman Trust & Savings Bank for many years.

The New York Stock Exchange has announced the appointment of George Bookman as Director of the Bank of Fort Wayne, Ind., as Director of Public Information and Press Relations. Mr. Bookman succeeds Paul Kelton, who left the Exchange recently to become Executive Vice-President of the American Stock Exchange. He will report to Ruttuck C. Lawrence, Vice-President in charge of the Exchange's public relations and market development department.

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Rothschild Sponsors Investment Program
CHICAGO, Ill. — The business world and the world of fashion will be featured in a special investment discussion program called "Stocks and Frocks" to be held Tuesday, Nov. 15, at the Knickerbocker Hotel here.

The program will feature a discussion interpreting the growth of the apparel industry and Hart, Schaffner & Marx's dominant role in it, together with a fashion show of men's and women's styles. The event is considered a unique one for both industries.

Sponsor of "Stocks and Frocks" is Rothschild & Co., Chicago brokerage firm. The discussion and fashion show will be presented by Hart, Schaffner & Marx, local clothing manufacturer, and Bankers, which operates men's and women's clothing stores in the Chicago area and one in Champaign, Ill.

George Bookman
The I.B.A.'s 50th Anniversary Convention

Since the inception of the Investment Bankers Association's annual convention 50 years ago, the CHRONICLE has continuously enjoyed the reputation of affording the most complete editorial and pictorial coverage of these significant meetings.

This year's 50th Anniversary Convention will be held on November 25-30, at Hollywood Beach Hotel, Hollywood, Florida. The CHRONICLE will publish its round-up special supplement on this historic event on December 29, 1962.

Advertisers interested in being associated with the most complete coverage of the forthcoming I. B. A. Convention should reserve their space requirements by December 1, 1962. Just call or write—

The COMMERCIAL and FINANCIAL CHRONICLE
25 PARK PLACE
NEW YORK 7, NEW YORK
Re ctor 2-9570

H. I. Josey with Dempsey-Tegeler
OKLAHOMA CITY, Okla.—Dempsey-Tegeler & Co. has opened 908 North Robinson Avenue, under the management of H. I. Josey. Mr. Josey was formerly President of H. I. Josey & Company.
Ralph Watkins
A Member of Consulting Firm

WASHINGTON, D. C.—Surveys & Research Corp., a Washington, D. C. consulting firm, has announced appointment of Dr. Ralph J. Watkins as Vice-President, member of the Board of Directors. Full investigations, Watkins was Director of Economic & Social Studies for the Brookings Institution from 1927 to 1962, and during the 13 prior years a Researcher of Dun & Bradstreet, Inc. in New York.

Dr. Watkins has had important assignments with various Federal agencies including the Agency for International Development, the Department of Defense, the Department of the Army, the National Science Foundation, the National Security Resources Board, the Department of Commerce, the Department of Labor, and the National Resources Planning Board. During the Korean War he was a special consultant to the Secretary of the Army as well as senior advisor on national security policy, including a policy mission to Japan and Korea and during World War II he served in various war agencies, including a year in North Africa in the Civil Affairs Section of Allied Force Headquarters at Algiers in charge of the civilian import program.

Dr. Watkins was advisor on comprehensive planning to the Port of New York Authority from 1943 to 1961. He was named to the "Hill of Familiar Distribution" in 1954 by the Boston Conference on Distribution. From 1955 to 1958 he was a member of the Board of Directors of the Social Science Research Council; and since 1959 he has been a member of the Board of Directors of the Korea Society. He is a member of the Business Committee on National Policy of the National Planning Association, the Council on Foreign Relations, the Association, the American Economic Association, the Royal Economic Society, and the American Statistical Association.

Overseas assignments have given him wide perspective with economic development problems. He has been responsible for projects and survey work in South Korea, Japan, Korea, Mexico, Morocco, the Philippines, Taiwan, Turkey, and Viet Nam. He has made observation visits to projects in other countries, including Burma, India, Pakistan, and Thailand. In 1956 he directed for the Japanese Government an economic feasibility survey of the Kokei-Nazuyo Expressway Project. Japan's first modern expressway project, now under construction with partial financing from the World Bank. He organized the Brookings Institution Project in Saigon early in 1960 and has been responsible for its supervision since its inception. In the fall of 1961 he undertook a special mission to the Republic of China, Taiwan, to appraise its economic development planning for the Agency for International Development.

The following excerpts are from bulletins prepared by L. L. Moorhouse, for the National Security Resources Board, the Investment Managers and sponsors of the Investment Research Series of mutual funds. Moorhouse has been for years one of the most prominent security salesmen in the field of securities and mutual funds, and as a writer on security supervision, and the training of security salesmen. With gratitude I give you some ideas from these bulletins he has so graciously sent to me.

Keep Smiling

“Don’t take the negative or unpleasant criticism of your salesmen as a personal affront. Don’t sympathize with a prospect’s mistakes. Don’t knock the securities he has bought that do have gone off in price. Offer to get the facts on a security from an authority. Here is one place it is smart to be a Pollyanna. If you do not have a complete list of his holdings, ask for it. Prom¬ise an up to date analysis or review. If you can improve his investments by upgrading, you can at least help to take tax losses. It is always better to eliminate the securities which are selling below average at least once a year. This policy not only improves the quality of the list but it eliminates a source of irritation and disappointment. It avoids emotional attachment and the hazard of cost. It eliminates sales resistance for you.”

Personal Conceit

“This is also dangerous for a salesman. Prospects disillusioned with their personal financial results have a tendency to be vindictive in the presence of a salesman. Reem and cold facts may magnify the prospect by pointing up the mistakes he is not so happy to accept as the result of his own impulsive or greedy de¬cisions. If you can help him or reassure him you will be interested.”

“Handle these prospects with kid gloves. Remember—words turn away wrath and the meek in spirit inherit the earth because our tolerance, patience and spirit of helpfulness in the presence of an unpleasant prospect demonstrates empathy and our sincerity. We may now have a chance to win a client whereas if we had taken the prospect's opposition or offensiveness personally, we would have lost the chance. This is a psychological fact. Pleasant persistence and patient consideration often wins the day when everything else fails.”

When Decency Doesn’t Work

“The tough situation is with the customer who thinks he knows and refuses to listen to reason. There is an old saying that if a man knows not and knows that he knows not, he is a child. Teach him. If a man knows not, and KNOWS NOT that he knows not, he is a fool. Shun him. The lesson is very clear. Teach those who are not experienced to know because you are educating a possible client. But never waste time with a fool, particularly an abusive one. When you run into one of these, and we all do occasionally, smile and be polite, but excuse yourself as soon as possible.”

False Pride

“Too many would-be salesmen think people should come in and take merchandise away from them. Why belittle themselves by going out to solicit business? Particular when they have convinced themselves that people won’t buy today in the market. It’s too humiliating to ask someone to buy something and meet with a turn down. This would ruin their day, or maybe week, or a whole month. Too often the wonderful heritage of a family is of great credit to it. It is the individual to deserve it by trying to be a credit to his an¬cestors. It also seems a little un¬reasonable to expect a long dis¬parted ancestor to do more work for a man than he will do for him¬self.”

Market Breaks

“The experienced salesman has lived through previous market breaks and his knowledge, experience and philosophy have car¬ried him through just as they will carry him through the present decline. He knows it pays to stick with the long term trends in population, growth of national product, scientific development, purchasing power of the dollar, and stock prices. On normal expectancy we know we will have about three reactions every ten years. We also know that after each decline the trends generally continue into new high ground.”

“Once we reach emotional ma¬turity, we reassume our clients when markets turn sour. It’s a great cause when impiunce de¬velops defecst. But confidence and patience are the magnets that hold customers to you under all conditions.”

(1949) 21

In Your Business You Need— HOW TO SELL SECURITIES

By JOHN DUTTON

This 60-page booklet—available exclusively from us—is designed to help you increase your business through modern, proven investment selling techniques. Its 23 chapters are full of practical and proven selling and promotional ideas. John Dutton drew it from the best of his popular weekly columns in The Commercial and Financial Chronicle. You’ll learn about

- Obtaining a client list
- The initial sales approach
- The final sale
- The various categories of investors—and their characteristics. It can be defined and you’re told how to develop each of them to their maximum potential
- Techniques you can use to analyze—on your own—the relative attractiveness of various securities and their vital balance sheet items

In 1001 ways this booklet can help you be a better salesman and run a more profitable selling operation. And it’s yours FREE if you subscribe to the Thursday news edition of The Commercial and Financial Chronicle NOW at the $20 rate.
Investors Should Take a New Look at Foreign Stocks

Continued from page 7

In the NETHERLANDS, like the U.K., the reporting practices have been fairly good, particularly for the major companies. The income has needed very little adjustment other than the mechanical modifications for tax figures, the statements still must be analyzed to determine if the change is the result of a new company policy rather than an adjustment of the figures for the parent-company—including sales figures—but still allowing the investor to gauge the subsidiaries where sales and other figures need not be disclosed. A complete list of their participation and number of shares held, but no more. As a result, it is usual to cut anything other than estimates of consolidated earnings.

BELGIUM AND SWEDEN have fairly precise standards of reporting lying somewhere between the Dutch and the French and German accounting procedures. In Belgium, income statements are generally consolidated statements and assets are usually understated. In Sweden, balance sheets are understated and income statements are generally useful in determining earning power. Capital expenditures are frequently charged to income rather than being capitalized; consolidated figures are often lacking and depreciation as well as various other reserves are often understated, making it impossible to get fairly good cash flow figures or determine a "guesstimate" of earnings. Also, many tax figures, the statements still on a company by company basis, may change with the currently proposed company reporting law.

In FRANCE, companies now must disclose more information for tax figures, the statements still vary a great deal. The lup has already been published and a "guesstimate" may be made of earnings. However, the intrusion of many American analysts in Europe (and also the French companies) has not brought much change in attitude on the part of at least five of the companies.

Analysts in some countries now do quite good back work on the rather detailed data gathered by foreign companies and implicit in the published data. The examples are good for giving a basis for comparison, but they will not give the investor an idea of the market in the world.

The increased interest on the part of the American investor has been aided by laws encouraging better disclosure (as in France), together with more frequent printed reports from major companies.

In addition to the changed analytical techniques, the last few years have seen a substantial change in the quality of the information in reports on securities in the world—many countries by individuals as opposed to the institutional investor. This has increased the value of the SEC and the quality of the reporting companies.

In Australia, reporting is generally good, but one needs some familiarity with Australian procedures and accounting practices. The income statement presents very high profits but since income statements are not generally consolidated, the investor will have to work from reported tax figures by taking 1½ times reported tax figure plus interest (a 40% tax rate in Australia) or taking 2½ times the tax figure less property rights. The most useful is in Australia to deduct from income all reserves above the tax authorities—primarily redeemable reserves.

In the past, in those countries where financial statements were not readily accessible, it had become somewhat unusual American practices to estimate earnings or to estimate the margins the company was assumed to have made on the reported earnings or the profit margins. It is possible to derive a "real earnings" figure or estimate of "earnings" by comparing certain figures. This has been a highly ingenious estimate although done quite prevalently in the last few years. In Japan, though, as with other foreign countries, the figures appear to be accepted in the Japanese financial press as being somewhat different. The description of the company is more than the financial press and the figures are normally published in French newspapers. The story is not being told in the financial press.

The example of the new issues in the future and I think local valuations may move closer to world standards. Industry wise, I believe that some of the foreign insurance shares (particularly those in the U.K., the French, and the Germans) are undervalued.

There are a few areas where the aggressive analyst may want to look for a new look at foreign stocks. One is in the U.K., the second is the still popular favorites such as Macworld, and the third is the still popular favorites such as the Foreigner. In some of the counties, the valuation of the foreign stocks might be appropriate to review very briefly the status of reporting in these countries.

In the UNITED KINGDOM, the reporting has always been very good. The balance sheets give a fair reflection of the actual condition of the company and the income statement presents a good statement of earning power as we know it in this country; the only exception to this might be that "coo-solation" figures are not always correct in our standards. Sales figures are still the highest for all the same "Americanized" companies. Perhaps the greatest change has been the success of the different part of the American investors to "grow up" earnings by adding back into reported earnings a profit on the 38.75% withholding tax.

EXAMPLES OF FOREIGN "UNDERVALUATION" Relative to Comparable U.S. Companies

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<tr>
<th>COMPANY &amp; INDUSTRY</th>
<th>Recent</th>
<th>Est. 1961</th>
<th>P/E</th>
<th>P/B</th>
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<td><strong>EXAMPLES OF OVERVALUATION OR &quot;FADS&quot;</strong></td>
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What We Must Do To Get Our Economy Moving Again

Continued from page 5

as a surprise in view of all the talk about persistent deficits. Yet, had we to cut taxes further in order to stimulate the economy, which we both agree is needed, I should consider the real solution to be a balanced budget. And if we were to have a substantial reduction of government spending, which would be comparable to the severe fiscal restraint of the 1930's, our private sector would be in a much better position to make the necessary adjustments which will enable the economy to grow.

The major objection to cutting taxes next year is that such action will do little to stimulate business and create a balance of payments problem. However, if we are to reduce the budget deficit, a cut in corporate taxes is necessary to stimulate the economy. Without such a cut, we cannot expect the economy to improve.

Opposes Pumping Up Government Spending Again

As I believe, we are heading for another deficit next year, I will have a sizable deficit in next fiscal year ending June 30 by our estimates. In each of the past two fiscal years, the spending has been increased a total of $14 billion in the two fiscal years following the recession period. On the record, these two attempts to spend our way out of the recession have not worked. Consequently, I believe it would be far wiser to cut taxes this time than to try to spend our way out of the recession again.

The initial impact of a tax cut on the deficit would be far greater than another spending program. And I am convinced that we must therefore advocate a general reduction in spending. This, combined with a tax cut in Federal spending, could give us a balance in the Federal budget by the end of this fiscal year.

A tax cut and an enlarged deficit in the short run could complicate the larger problem of the budget surplus. Yet, it seems to me that our underlying situation is far stronger than that of a few years ago, and enough strong so that we can carry through the tax program I have outlined without much risk. Indeed, I have to add that we must be very circumspect in our present outlook of saying that there is a right and a wrong way to do what might well be a temporary short-term adjustment.

To see what is involved one has to look briefly at our national balance of payments. As we move into balance of payments difficulties in 1958 when our exports were being reduced and our imports were rising. Thus, our earnings, largely from exports, shot up to be $10 billion.

A second reason for cutting taxes is that we need to reduce a rate of profit which will support a strong expansion in the business capital investment during the next recovery period. A cut in corporate taxes, plus continued, would enable us to yield up surplus profit and make for growth in the vital capital goods area.

Improving Our Balance of Payments

Our efforts to redress this imbalance in our international payments, I believe, will not be enough. If we are to carry through the tax program I have outlined, the recovery from the 1963 recession is likely to be another short-term adjustment with high level of unemployment and a sluggish growth rate.

If we are unable to carry through a good tax cut, I believe that the proper course will have to rely on recovering early next year and carrying us up to a prosperous and progressive economic advance in 1964 and 1965. I must say that the view of the long-term growth of our economy is based on the belief that this progress is needed for prosperity to make such a program a reality.

Despite my heavy emphasis on the need for tax reduction, I do not believe it is the answer for prosperity. I believe it is very important, in that it will put us in a better position to deal with our economic problems. And I think we could deal with our other problems from a position of strength. But, if we are to cope effectively with the problems of unemployment, reduced working hours, and the great and sweeping changes already underway in our economy and in our society, I believe that the answer for prosperity will be a program which we call for restraint.

Weights and Implications

At this point, I might speculate a bit as to how developments re- related to Cuba could change the business outlook as I have discussed it. I would suggest that it is very likely that it will be used to demonstrate the strength of the U.S. and to encourage the moderates in the U.S. to make their move to moderate position.

The first, and the assumption underlying what I have said so far, is that unless the United States is re¬ lated quickly with no major effort on our part.

The second course would be a U. S. invasion of Cuba with no changes elsewhere in the world. Military expenditures would be increased, though a very large rise appears unlikely. The United States would also face increased spending by consumers and businesses who would become somewhat more moderate. However, the overall effect would be to wipe out the moderate position and be scheduled for next year.

The third alternative would be a U. S.ization of Cuba by the use of limited war somewhere else. This would lead to sizable increases in defense spending as well as in private spending. How¬ ever, we have a considerable amount of excess capacity, so that we probably could handle such a step and not fall into the sort of in¬ flation and shortages that followed the Korean invasion.

1963's Can Still Be Soar

While I am aware of the fact that our economy has not been thoroughly disenchanted with talk of the soaring sixties, I am also aware that the world ahead can still be one of tremendous promise and achievement. A balanced and soundly based cost structure properly aligned. The lesson of the past two years is not that the factors which were to make for great prosperity in 1960’s have changed. Population trends are already moving on the side of supporting the expansion of the world economy. The Sixties. The impressive upward shift in the structure of income distribution and the tremendous investment in re¬ search and development is bound to bear fruit.

My line of argument is that the major favorable influences have been overshadowed by the tax system, by a restrictive mone¬ tary policy, by a Federal Reserve Board di¬ rected by our balance of payments situation, and by upward cost pressure. These factors, unless reversed, will continue in 1963. I am convinced that these policies are in the best interests of the business community and can be persuaded to support the kind of tax program outlined here and in the future for prosperity to make such a program a reality.
Income Tax Pointers on Securities Transactions

Continued from page 2

will allow the Psi 1,000 profit, and wipe out the $191 tax. In other words, the $1,000 loss reduces the gain on the three securities by $1,000. Stock of a small business investment company gets special treatment under the law. If the stock is capital gain, a loss is deductible in full from ordinary income. This is so if the security was issued by a business investment company stock was originally issued to investors in proportion to their contribution with respect to losses can benefit an investor up to $5,000.

Why Is the Six-Month Line So Important?

There is an obvious advantage in taking profits during the six-month holding period. The tax rate then ranges from as little as 10% to a maximum of 91%, as opposed to a flat 46%. Hence, the range is from 25% to 91%.

The six-month line also needs watching on losses. For example, if they offset the highest taxed profits. For example, suppose Jones has $2,000 of six-month profits and $2,000 of over-six-month profits. He also has an open short position. If he has already bought securities. If he waits to take the loss until after the six-month mark has been passed, he must apply it against the $2,000 of over-six-month profits. That leaves $2,000 of six-month loss to be reported on a short sale until the short position is actually closed out.

Here is how the shift is accomplished: Jones has in his box 100 shares of stock that he bought in August, 1962 at 60. In December, 1962, or four months later, the company reports that it is making a profit on the future of the market and wants to freeze its $2,000 profit on December 31. Jones sells his share with a broker in December. He holds off covering the short sale until some- other date so that it takes it out of his 1962 return and puts it in 1963.

No matter when Jones covers, he has a loss for the six-month period because when he went short he owned the same stock for less than 30 days. When he went long, he owned the stock more than six months, the profit on the close-out of $2,000 is an over-six-month profit.

What About Dividends From Foreign Corporations?

Regulated investment companies (mutuals) frequently pay all their capital gains as dividends. The fund report shows that long-term capital gains and not as fully taxable dividends. Some companies hold back, the capital gains physically and pay the tax on them. They make a theoretical distribution at the end of the year. This means the stockholders have some knowledge of the undistributed long-term gains. On the other hand the stockholder re- verses the formula only by 25% of the amount of the gain included. In addition, the stockholder figures the cost basis of the long-term company to be increased by the remaining 75% of the capital gain.

How Can Dividends and Interest Be Converted Into Capital Gains?

Because of the 25% tax limit on over-six-month profits, it is natu- ral for people in high brackets to try to get that sort of income, rather than regular income. Here is a way to accomplish the. Suppose Jones in the 91% bracket has 100 shares of over-six-month preferred stock that costs him $100 a share. The stock is now worth 100 a share because of an increase in the value of dividends which are about to be cleaned up. If he receives the $60 of divi- dends per share, subtract 95%, or $54.58, less 5% ($16,000), $5,220.

However, selling the stock at 100 before the ex-dividend date (that is, at least four full business days before ex-dividend "record" date), he gets the $6,000, but it is now in the form of capital gains in the 0% bracket. His tax on the $6,000 is therefore only 25%, or $1,500, instead of 91% or $5,458. Thus, selling his stock before the ex-dividend date can save a substantial amount of tax.

The Corporate Investor

What Is the Best Place to Use the Deduction?

In the case of over-six-month dividends, individual investors have to take a 91% tax on the dividend, if the stock has a capital gain. Corporate investors have the choice of paying 25% or reporting the dividend as capital gain. Also, while in the case of in-

The Security Trade Like Best

Continued from page 2 2

The high prices of the growing Midwest milk market. The network of outlets through which the milk is marketed are supplied directly to farmers is also being rapidly expanded.

MONSANTO'S recent ex- 

sional developments provide a stimulus of new products with interesting applications. Lustron, a new plastic of unusual toughness and durability appears to offer poten- 

tial in building stereos, and wood in furniture, automobiles, and automobiles. Spandex, a new elastane fiber, has promoted applications in such items as swimwear, girdles, and other uses are expected to add a new translucent, fire-resistant, corrugated building panel of rigid fiber glass, and so-called "fortier" this year. This is the first in a series of building products 

to develop and market.

Aside from the above areas of operation, MONSANTO is also the leading producer of pertinent detergents, bulk asphalts, (former first product), blast- 

also is the owner of the previously mentioned Lustran Chemical Company, and Lustron Corporation.

During the past five years alone MONSANTO has invested $465 million ($16 per share) in new productive facilities, which will cost an estimated $165 million or more be added this year. These expendi- 

tures have brought the company to a modern, efficient chemical complex capable of rapid growth.

For the nine months ended Sept. 30, 1962, the company earned 13% on a 13% sales gain. Full-year sales were expected to exceed $1.5 billion for the first time this year (compared with $945 million in 1961). Earnings per share were $4.75, against $2.70 per share last year. Cash flow of nearly 30% of sales is far above the industry average. This would compare with $5.47 per share in 1961.

The company's mid-year balance sheet shows $65 million of debt of $63 million and $29.1 million shares of common stock. The company's 1.5% to 1.75% interest is currently $1.20 cash and 2% stock.

While 1967, chemical produc- 

to grow at a 6% annual rate com- 

cere with an estimated 4% for manufac- 

turing. Relative to the general market, the chemical stocks usually have average appreciation potential. Within this fast growing group, MONSANTO appears to offer the above-average long-term potential.

MONSANTO CHEMICAL CO. Common Stock is listed on the New York Stock Exchange where it currently sells on a price-earnings basis equivalent to that of the average of the Standard Industrial Aver- 

age. It is also listed on the various regional Exchanges.

Chicago Analysts Hear

By C. G. W. Sloane, of the Chicago Board of Trade, where it currently sells on a price-earnings basis equivalent to that of the average of the Standard Industrial Aver- 

age. It is also listed on the various regional Exchanges.

CHICAGO Ill. — C. G. W. Sloane, of the Chicago Board of Trade, where it currently sells on a price-earnings basis equivalent to that of the average of the Standard Industrial Aver- 

age. It is also listed on the various regional Exchanges.
As We See It
Continued from page 1

now about five times what they were in 1946, and by that year they had risen well above the mark that was twice the pre-New Deal level. Of course, the Cuban crisis has muddled the waters considerably. It has also been seized upon by some of the poorly paid but doubtless fairly hardy better than Laodicean anyhow, as a reason for deferring badly needed measures and substituting a thing least adopted an excelling an excellent —measures which have more popular appeal, and which at least in the thinking of the "advanced" leaders in Washington are more suitable for growth stimulants. Thus it is apparently being urged in some quarters that careful and unhurriedly increased tax reform be postponed while mere tax reduction without reference to expenditures be pushed to the statute books. Such talk is quite as outmoded as some of the politicians and some of the New Frontiersmen to certain of the problems raised by the labor movement, yet even the unfortunates will have a Civil War to be fought. Furthermore, it remains true that there is a definite limit to the rate of growth in industry and trade so long as it may pay higher and higher wages, and appropriate it, and not get any compensatory advance in prices. A limit would in suitable circumstances also seem to exist in a more general way to them, which clearly is not identical with the recipients of higher wages. Apparently some influential politicians and advisors in Washington are unaware of the fact that the higher wage costs could safely be offset by lower taxes while the Treasury is left to cajole the people or the banks into lending funds to finance its deficits. To us this is very dangerous nonsense.

Debt! Debt! Debt!

Somehow we must find a way to reappropriate our notions about debt. Government in general and the Treasury in particular is indebted by the day and by the year and to the public. Our Federal Government has guaranteed and insured almost endless funds, no account of which is taken care of by the Treasury currently publishes. But it is not only government

SECURITY TRADERS ASSOCIATION OF NEW YORK

The following candidates have been nominated for officers of the Security Traders Association of New York for the year 1963:

James V. Torpie
President
Sidney Jacobs
First Vice-President
Sidney Jacobs Co.
Joseph C. Legg
Second Vice-President
Salvatore J. Rappa, Mayetty, Rappal
C. E. Purple, President of the
Debt! Debt! Debt!

With the End of the Year—there is no end of the problems of the

Voluntary-not a moment of the

Letters to the Editor

Correction on

The current unsatisfactory state of affairs is techni-

cally at least from the im-

munities granted the unions from the antitrust laws —

which, of course, employers are expected to obey im-

plicitly. Thus reform in this area must begin with the

elected legislators who are sent to Washington. It must be

admitted that nowhere has there appeared any willing-

ness of political candidates to face this problem, and pre-

sumably there is little public evidence that the great rank

and file of the voters are

ready to insist upon a basic change. It would be unrealis-

tic to expect Congress to take any truly effective step in

this matter in advance of good political evidence that the need for it is

understood and realized by the voter. But such a political

ticklish issue as this really should not be left to the

campaign. At present a good deal of spade work is essen-

tial—and it ought to begin this winter.

There are, naturally, many other areas where spade work is urgently needed. One of them, as everyone knows, is

in the field of agriculture. There is a limit beyond which even this nation simply cannot afford to pour out its sub-

stance to protect—not to say induce—farmers to produce more than the public wants. We have, for a long time,

refused to face this issue. We cannot afford to do some very

longer. And so it is with a long list of other problems.

Let us get at them.

Wainwright, Ramsey

Expands in Miami

MIAMI, Fla.—Merrill J. Hall has joined Wainwright & Ramsey Inc., an evidently unknown municipal con-

sulting firm, as an Assistant Vice-

general. It has been announced by J. B. Ramsey, President.

Mr. Hall, who will make his headquarters at the firm’s Miami office, First National Bank Building, will assist George N. Ramsey, the firm’s President, and will act as field man and supervise sta-

tistical and analysis work for the

Miami office.

Formerly associated with the investment securities firm of Allen & Company, New York, Mr. Hall began his business career with the Prudential Insurance Company of America.
Countering Deflation On a Sound Economic Basis

Continued from page 1

tary resources. When adherences have been made by other countries, these resources will amount in all to $6 billion. The 10 other countries—namely, the United Kingdom, France, Germany, Italy, Denmark, Japan, the Netherlands, Belgium, Sweden, and Japan—have all and Belgium and still have available, under the terms of the Agreement on Mutual Assistance which provides a joint fund, considerable resources of their own; and further protection can be provided by a system of reciprocal credits between central banks. So, for mili-1

able defenses have been built up against any setback to individual currencies. In the United States, the monetary system as a whole, and I think we can by now feel sure that speculators can no longer determine monetary policy by their movement of funds.

It involves, of course, the adjustment of the political leaders to say that it has been, and that it can, be agreed upon. It is an agreed line of action in the political field, for here so much is in-1

volved. This is a line of action that will be shared by the Communist World. Arrangements in the economic and financial field are already under way. These have been made primarily among countries whose economies are more or less similar in nature, but they have also been in many other countries where the old boundaries have been abolished, and in many of these countries there is a feeling of common interest in the economic development of the world. The development of these arrangements is, of course, the whole-1

re world problem of relations to world trade, which is indeed a very vast subject. But I will con-1

bine my remarks mainly to one particular aspect of the problem, the relations between liquidity and world trade.

Define Liquidity

May I say a few words about the concept of liquidity. Unfortunately, economic terms are rarely defined with precision. The term "liquidity" is no exception. There are, in fact, two distinct meanings given to this term—and, I am afraid, that very often it is not clearly distinguished. One meaning is being used in a particular context, and this makes it difficult to be sure what the writer means. This is that the writer is intend-1

ing to convey.

One concept of liquidity may be taken to be the availability of the facilities in national curren-1

cies for foreign trade and other business. As you know, Keynes in his "General Theory" was very much concerned with the idea of liquidity in its relation to economic activity, and he thought of it in terms of the readiness of money in national currencies. On read-1

ing Keynes's posthumous book, we find a number of masterly paragraphs that express the views which Keynes held, and which are now generally accepted. But the term "liquidity" most often referred to by Keynes was the one that is most familiar to students of economics. There is another kind of liquidity—often referred to as "international liquidity"—which is the currency reserves of a country that can safely move about. They have a special existing on the Continent of Europe and, which, if it con-1

tent and perhaps even set off inflationary tendencies, which the United States have acted by, among other things, an increase in prices which, however, has not been accompanied by an improve-1

ment in the general level of real incomes. This is that in itself is an important fact, for it is not often that internal recovery and an improvement in the balance of payments go to-1

gether. Indeed, the international Monetary Fund and the Bank, which took place in September, Euro-1

n exchange rates, and looked forward to the restoration of world economic stability and a more abundant supply of payments in the course of the coming years.

There is, however, another point to which I wish to draw your attention: one of the most important factors in the situation is that in the last few years, wage costs have risen much faster than productivity, and the result has been to reduce the purchasing power of the dollar in the Continent of Europe than here in the United States. For instance, in Japan, for instance, the index has been more recent. But it is not uniform; and the increase in prices caused by the expansion of business activity moving at a plateaux, and with no clear indication of further stimulus to en-1

uring its beneficial effects. This is not a satisfactory situation, and it is therefore, up to me to say that conditions for a re-stimulation of business should be forthcoming. It is probably the most important point of the whole. It seems widely agreed that present high rates of direct taxation and low rates of savings are in the interest of the economy, and that steps should be taken to lower such rates. Such steps could form part of any expansionary policy in the fiscal and credit field—a policy for which there is, I think, much support in this country at present.

At the same time, on the other side, I think it can be argued that the British authorities are also anxious to stimulate expansion, and it is therefore, up to me to say that conditions for a re-stimulation of business should be forthcoming. It is probably the most important point of the whole. It seems widely agreed that present high rates of direct taxation and low rates of savings are in the interest of the economy, and that steps should be taken to lower such rates. Such steps could form part of any expansionary policy in the fiscal and credit field—a policy for which there is, I think, much support in this country at present.

How will these policies in the United States and Great Britain influence policies in the countries on the Continent or Europe? If the boom in these countries continues, the United States government will have an increased pressure on its balance of payments, and it may have to consider proposals for greater exchange controls or increased capital controls. This would be a matter of concern to the British authorities, and it is probable that they would take steps to stimulate domestic demand and reduce the pressure on the balance of payments. However, the British authorities have already been active in this regard, and they may be able to avoid further restrictions on capital movements.

If the boom in these countries continues, the United States government will have an increased pressure on its balance of payments, and it may have to consider proposals for greater exchange controls or increased capital controls. This would be a matter of concern to the British authorities, and it is probable that they would take steps to stimulate domestic demand and reduce the pressure on the balance of payments. However, the British authorities have already been active in this regard, and they may be able to avoid further restrictions on capital movements.
any policies is likely to be now even stronger. Whatever situation may develop on the Continent of Europe, therefore, there is every reason for c o n t i n u i n g , among the authorities on the two sides of the Atlantic, in order to arrive at a more compact agreement on the policies that should be pursed. This is the only way that mutually understanding can be useful in eliminating distrust, but it can, of course, do nothing for the commercial problems.

Summary

I think I might sum up by saying that there are three important points that I wish to emphasize:

1. The pursuit of expansionist policies, to a greater or lesser degree, according to the business trend that emerges;

2. The avoidance of cost inc

...
The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, as of that date:

<table>
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<tr>
<th>INDICATIONS OF BUSINESS ACTIVITY</th>
<th>Latest Week</th>
<th>Previous Week</th>
<th>Month</th>
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<td><strong>AMERICAN IRON &amp; STEEL INSTITUTE:</strong></td>
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A New Investment Policy
For Savings Associations?

Continued from page 15
and financial markets. As it is evident more and more, we take international considerations into account in the setting of our monetary policy, so determining operations at home—political, social, economic, and, of course, financial—will become transformed from co-operative building societies into financial institutions whose activities are highly interrelated. In the case of associations there are two supremely important functions to fulfill: to provide a safe, desirable place for the public's savings, and providing long-term funds for business. Both are new tasks for the associations and thus being a dependable support for new and growing enterprises and, between these two services, the emphasis has in the recent past tended to be in the direction of savings. It has been pointed out that our commercial banks, because of the greater flexibility of their policies, tend to vary their real estate loans inversely related to the availability of other loans and investments, whereas the associations, depending on a stable and dependable source of funds for mortgage business, are better suited.

This contrast and the conclusions drawn from it lead to an interesting question: what is desirable? A relative unchanging flow of funds being made available from the savings and loan associations, especially for new construction, as relatively stable, based on the phase of the business cycle, or should the mortgage market coordinate with other uses of investment funds? It can be, and has been argued that insulating the housing market from the competitive forces of the capital stringency during a boom period, while the needs of the public are at their lowest, is a waste of resources, negates rational monetary policy and intensifies inflationary pressures. Let us take a glance at this argument, two points have been made: mortgage credit is long-run and it is difficult to turn off and on to fit in with the requirements of short-term monetary policy; current funds may be needed to carry through with construction which was planned and started many months earlier, in an entirely different recessionary and monetary climate.

Furthermore, it is argued that the resources of the building industry have not been fully utilized; it is said that reducing the flow of funds into home building, at a time of excess aggregate demand would bring little or no relief to other problems. And there is the distinct idea (with the exception of commercial construction); instead it would tend to retard output, hence inflation. Since Federal Reserve monetary policy does have an effect on the mortgage market, it is felt that some influence on the credit policies of the building and loan institutions will contribute to a more competitive nature often enter into the housing industry. But these ideas are well known, reserve requirements and taxes.

Does Adequate Funds Now Make New Topic Attractive?

I wonder, whether, despite developments in the 60's may not take the edge off this controversy. It is too early to predict the effects of a shortage of mortgage credit for the foreseeable future. New residential construction will continue at a high level, and population statistics would lead one to expect a further rise in the second half of the decade, perhaps almost doubling the rise up to an annual rate of two million by 1970. But funds available from associations might be insufficient to rise more, not only in thrift institutions but also in banks, insurance companies, etc.

Let me briefly elaborate on this. It is, of course true that the high inflation rate has led to a considerable increase in the cost of the thrift institutions. Some of it reflects the increase in the price of real estate and the interest rate. The presidents of mortgage banks, insurance companies, etc. have pointed out that this increase in the cost of the thrift institutions, while no doubt increasing the strength competition between thrift institutions, while no doubt increasing the strength of competition between thrift institutions, while no doubt increasing the strength of competition may mean that, as the inflation rate rises, the spread between the cost of funds and the rate on the mortgage may become wider.

The first assumption means that personal saving, even if it remains at the same rate, may only amount to about 5% of disposable income, will continue to rise in absolute amount, and the second assumption may mean that, as the inflation rate continues to rise, the spread between interest rates and the rate on the mortgage will not only have ceased, but will be seen and understood.

Growing Similarly

Another feature of the further evolution of the sales of savings associations and savings banks will be the growth of their chartering supervisory authorities. There should be a national authority to supervise the examination of all Federally insured savings and loan associations and mutual savings banks. The activities and standards of these Federal authorities should be coordinated with each other and with the respective states examining and supervisory authorities.

And finally, in "view of the necessity to improve the financial condition of the savings banks and to stabilize the flow of their investments for the depositors and owners of the banks," the Committee recommends that the Federal Reserve System take as the basis of its consolidation, the reduction of the reserve requirements for national banks.

This recommendation is based on the assumption that the Federal Reserve System has the power to lower the reserve requirements of national banks to the level of six per cent.

The Committee further urges that "by lowering the reserve requirements for national banks to the level of six per cent and Federal Reserve banks to the level of eight per cent, the banks would have the ability to meet the demand for loans and also be in a position to reduce the rate of interest charged on loans."
Pension Funds' Importance in the Securities Market

Continued from page 16
The study by the Federal Reserve Bank of St. Louis revealed that in 1953 practically all the commercial banks in the State of New York were of investment grade (98%). The staff report noted that an organization relationship, involving the management of pension funds, and the investment of pension funds, and the investment of pension funds in stocks is a major factor in the New York Stock Exchange. The study by the Federal Reserve Bank of St. Louis revealed that in 1953 practically all the commercial banks in the State of New York were of investment grade (98%). The staff report noted that an organization relationship, involving the management of pension funds, and the investment of pension funds in stocks is a major factor in the New York Stock Exchange.
NOTE—Registration statements filed with the SEC since the last issue of the "Chroni-
icle" are now carried separately at the end of this section "Securities Now in Registrati-
on." Dates shown in parenthesis alongside the filing dates reflect the expectations of the underwriter but are not, in general, firm offering dates. 

A number of companies that have filed "Effective Registrations" are those issues which became effective this week and were offered pub-
licly.

ABC Business Forms, Inc. 
Business—Manufacture, design and development of business forms for fotocopying; manufacturing duplicating systems; purchasing and selling duplicating equipment. Pro-
educts to be sold to the business community through stock exchanges, and through manufacturers and distributors of duplicating equipment. Proceeds—For underwriting. Office—515 Fifth Ave., New York, N. Y. Underwriter—S. L. Riedel, New York.

Allied Graphic Arts, Inc. 

All-States Properties, Inc. 

Ameral Mining Co., Ltd. 
July 31, 1961 filed 400,000 common shares. Price—$5.00. 
Business—The company is engaged in exploration, de-

American Bolt & Screw Mfg. Corp. (11/26-30) 
15,1961 filed 500,000 portfoli-

ded, debentures and 90,000, to be offered in units consisting of one $100 debenture and 10 shares, at par. Price—$15.00 per unit. Proceeds—For construction of new plant and special industrial aircraft and missile factories. Proceeds—For underwriting. Other corpo-

American Education Co., Inc. 

American Fidelity Corp., Inc. 
June 4, 1962 filed 500,000 common. Price—$1.00. 
Business—A mutual fire and casualty insurance company. Proceeds—For underwriting. Office—423 E. Market St., Indiana, Ind.; and 135 N. La Salle St., N. Y.; and 301 N. Michigan Ave., Chicago.

American Financial Co., Inc. (11/14) 
April 21, 1961 filed 100,000 portfoli-

ded debentures due 1972, $75,000 common, and 25,000 warrants, to be offered in units of one $200 debenture, 12 shares, and 10 warrants. Price—$500 per unit. Business—Company and its subsidiaries are primarily en-
gaged in the underwriting and sale of life and accident insurance. Proceeds—For the retirement of debentures, and additional acquisition of capital. Proceeds—For underwriting. Office—918 N. Michigan Ave., Chicago.

American Flag & Banner Co. of New Jersey 
May 1, 1962 filed 100,000 common. Price—$3.50. 

Air Master Corp. 
May 20, 1962 filed 100,000 common, of which 90,000 will be sold for company and 9,000 for stockholders. Price—By amendment. Business—Manufacture of automobile aluminum storm windows and doors, and other aluminum products. Proceeds—For working capital, and other corporate purposes. Office—200th Street and Avenue A, Philadelphia, Pa. Underwriter—Clayton Securities Corp., Boston, Note—This offering has been postponed.

Alcolac Chemical Corp. 
March 23, 1962 filed 50,000 common. Price—By amend-
ment (mainly to increase market for distribution of specialty chemical products. Proceeds—For general corporate purposes. Proceeds—For investment. Address, Florence, S. C. Underwriter—None.

Business—Manufacture of aluminum and fiberglass sawings

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Chicago Tribune
NEW ISSUE CALENDAR

November 8 (Thursday)
West Penn Power Co. Bonds

November 9
Albert Einstein College of Medicine of Yeshiva University Bonds

November 10
American Flag & Banner Co., Inc. of New Jersey Common

November 11
Gamma Laboratories, Inc., Units

International Textiles Co., Inc. Common

I. P. D. Chemical Corp. Common

Met Food Corp. Debentures

November 12
Nevada Northern Gas Co. Common

November 13
Norton Coke Co. Common

November 14
Radar Relay, Inc. Common

November 15
Saw Diego Imperial Corp. Common

November 16
United Markets Inc. Units

November 17
Aerospaces Corporation of America Common

American Finance, Inc. Common

Cameo Lingerie, Inc. Common

Computer Concepts Inc. Units

Household Finance Co. Debentures

Louisville & Nashville Co. Debentures

November 18 (Tuesday)
Keene Pagano, Inc. Common

Flower City Industries, Inc.

Gulf Atlantic Utilities, Inc.

Hallerdale Rock & Sand Co.

Illinois Terminal R.R.

November 19 (Wednesday)
Comat Corp.

Florida Atlantic, Inc.

November 20 (Thursday)
California Life Insurance Co.

November 21 (Friday)

Central Washington, Inc.

Continued from page 31

Birchtel Corp.

Blue Magic Co. of Ohio, Inc.

Brinkmann Instruments, Inc.

Buddy L. Corp.

Calder Publishing Corp.

November 22 (Saturday)

November 23 (Sunday)

November 24 (Monday)

November 25 (Tuesday)

November 26 (Wednesday)

November 27 (Thursday)

November 28 (Friday)

November 29 (Saturday)

November 30 (Sunday)

December 1 (Monday)

December 2 (Tuesday)

December 3 (Wednesday)

December 4 (Thursday)

December 5 (Friday)

December 6 (Saturday)

December 7 (Sunday)

December 8 (Monday)

December 9 (Tuesday)

December 10 (Wednesday)

December 11 (Thursday)

December 12 (Friday)

December 13 (Saturday)

December 14 (Sunday)

December 15 (Monday)

December 16 (Tuesday)

December 17 (Wednesday)

December 18 (Thursday)

December 19 (Friday)

December 20 (Saturday)

December 21 (Sunday)

December 22 (Monday)

December 23 (Tuesday)

December 24 (Wednesday)

December 25 (Thursday)

December 26 (Friday)

December 27 (Saturday)

December 28 (Sunday)

December 29 (Monday)

December 30 (Tuesday)

December 31 (Wednesday)

* California Life Insurance Co.

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Federal Reserve Bank of St. Louis

Falcon National Life Insurance Co.

June 22, 1962 filed 300,000 common to be offered for sale to the public.

Office—1110 Broad St., Cincinnati, O. N. Y. Underwriter—None.

Fastpak, Inc.

June 20, 1962 filed 125,000 common.


Office—30 W. 40th Place, Freeport, N. Y. Underwriter—Arnold, Maltzberg & Co., Inc., New York. This registration is expected to be withdrawn.

Fidelity Mining Investments Ltd.

Nov. 30, 1961 filed 800,000 common.

Price—By amendment.

Business—For general corporate purposes.

Office—62 Richmond St., Toronto, Underwriter—G. V. Kirby & Associates, Ltd., Toronto.

First American Israel Mutual Fund

Price—By amendment (max. $10). Business—A mutual fund which plans to invest primarily in equity securities. Office—150 Broadway, New York.

First Connecticut Small Business Investment Co.

May 9, 1962 filed 200,000 common.


First New York Capital Fund, Inc.


Office—1205 Second Ave., New York.

Florida Bancorp

March 16, 1962 filed 200,000 common.

Price—By amendment.

Business—Acquisition of Florida Pompano Beach, Fla. Underwriter—Dempsey-Tegeler & Co., Inc., St. Louis. This offering was postponed.

Fordan, Inc.

May 20, 1962 filed 400,000 common.


Office—For rent, purchase of leased quarters, building improvements, working capital.

Punk Pan Am. Underwriter—to be named.

Foseal Corp.


Office—100 W. 105th St., Willowdale, Del. Underwriter—None.

Flower City Industries, Inc. (12/19)

Oct. 20, 1961 filed 330,000 common.


Fomusa, Inc.

March 29, 1962 filed 240,000 common.

Price—By amendment (max. $50). Business—A holding company for firms engaged in the business of floriculture and florist supplies.

Office—160 Hillside Ave, Jamaica, N. Y. Underwriter—S. C. Freeman & Co., Inc., N. Y.

Equity Annuity Life Insurance Co.

Aug. 21, 1962 filed 150,000 common to be offered for sale to the public. Price—$6. Business—For deposit purposes.

Office—319-327 State St., Chicago.

Furman Annuity Life Co.

March 29, 1962 filed 240,000 common.

Price—By amendment (max. $50). Business—For deposit purposes.

Office—725 1/2 State St., Chicago.

Erect, Inc. (11/21)

Aug. 21, 1962 ("Reg. A") 60,000 common.


Office—151 North State St., San Francisco. Underwriter—For the underwriters.

Everbest Engineering Corp.

April 2, 1962 filed 100,000 class A shares.


Fabo Enterprises, Inc.

Sept. 17, 1962 filed $2,500 common.


Fabo, Inc.

July 20, 1962 ("Reg. A") 200,000 common.

Great Eastern Insurance Co.

Engel.Styment, Boulevard, sewerage prison, Heck's


Atlantic Rock Harley Products, Inc.

Underwriter—Mutch, Hoffman French Inc.

Hoffman House Sauce Co., Inc.

Hollingsworth Soldierless Terminal Co.

Thursday, March 26, 1962, filed 120,000 common stock. Price—By amendment.

Instron Engineering Corp.

Instructive Devices, Inc.

Instrument Components, Inc.

International Data Systems, Inc.

International Display Corp.

Investors Realty Trust


Jackson's Brysons Enterprises Inc. (11/26-29) Malt and ale brewing business will be operated under the name of 'J. W. Brown & Sons Ltd.'—Regent & Harvey, Inc.; Chicago, Underwriters—Stone & Webster Securities Corp and Greensfield & Co., Inc., N.Y. Offering—Indefinitely deferred.

Jamaica Public Service Ltd.

March 30, 1962 filed 215,000 common, of which 100,000 shares are to be offered by each company and 15,000 shares are to be offered by stockholders. Price—By amendment.

Jersey Central Power & Light Co.

Sept. 20, 1962 filed $11,000,000 of first mortgage gold bonds. Price—By amendment.

Johns Manville Corp.

Hoffman French Inc.

The Hoffman French Inc. is a manufacturer of decorative and functional glass products. The company produces a variety of glassware, including vases, wine glasses, and decorative pieces. It operates in the United States and has a significant presence in the Midwest. The company was founded in 1871 and is headquartered in Hoffman Estates, Illinois.

The Hoffman French Inc. is known for its unique and innovative designs, often incorporating intricate patterns and textures. The company uses high-quality materials and employs skilled artisans to ensure the durability and aesthetic appeal of its products. The Hoffman French Inc. is committed to sustainability and has implemented measures to reduce its environmental impact, such as using recycled materials and reducing waste.

In conclusion, the Hoffman French Inc. is a reputable and established company in the glassware industry, known for its distinctive designs and commitment to quality and sustainability. Its products are highly sought after by collectors and interior designers worldwide. The company continues to innovate and expand its product line, making it a leader in the glassware market.
refined text
New England Power Co. (12/4)

New York Central Railroad Co. (12/5)
Oct. 29, 1962 filed 45,000,000 shares of preferred stock, $55 par value, comm. $50, due Aug. 15, 1965. Proceeds—For debt repayment, working capital, and general corporate purposes.

Norfolk Southern R. Co. (12/4)
Oct. 29, 1962 filed 3,000,000 share of preferred stock, $100 par value, comm. $100, due Dec. 15, 1965. Proceeds—For equipment and other corporate purposes.

North American Aviation, Inc. (12/4-5)

Ohio Bell Telephone Co. (12/4)

Oregon & Northern R. Co. (12/5)

Pacific Commerce Bank, N. Y. (12/4)
Oct. 3, 1962 filed $32,000,000 of first mortgage bonds, due 1962. Proceeds—To refund $12,000,000 outstanding 7% bonds due May 1, 1962. Proceeds—For debt repayment, equipment, and working capital.

Palo Alto Bank, Los Angeles (12/4)
Oct. 29, 1962 filed 5% debentures due May 1, 1967. Proceeds—For debt repayment, equipment, and general corporate purposes.

Palo Alto Bank, Los Angeles (12/3-4)
Oct. 3, 1962 filed 250,000 shares of preferred stock, $100 par value, comm. $100, due May 1, 1967. Proceeds—For debt repayment, equipment, and general corporate purposes.

Pan American World Airways, Inc. (12/5)

Pan American World Airways, Inc. (12/5)
Feb. 28, 1962 filed 50,000 shares of preferred stock, $100 par value, comm. $100, due Mar. 1, 1967. Proceeds—For equipment and working capital.

Pan American World Airways, Inc. (12/5)
Feb. 28, 1962 filed 80,000 shares of preferred stock, $100 par value, comm. $100, due Mar. 1, 1967. Proceeds—For equipment and working capital.

Pan American World Airways, Inc. (12/5)
Feb. 28, 1962 filed 1,000,000 shares of preferred stock, $1,000 par value, comm. $1,000, due Mar. 1, 1967. Proceeds—For debt repayment, equipment, and general corporate purposes.

Pan American World Airways, Inc. (12/5)
Feb. 28, 1962 filed 1,000,000 shares of preferred stock, $1,000 par value, comm. $1,000, due Mar. 1, 1967. Proceeds—For debt repayment, equipment, and general corporate purposes.

Pan Am Realty Development Corp. (12/3)

Pan Am Realty Development Corp. (12/3)

Pan-American Life Insurance Co. (12/7)
March 22, 1962 filed 120,000 shares of preferred stock, $5 par value, comm. $5, due June 15, 1967. Proceeds—For debt repayment, equipment, and general corporate purposes.

Paper Mills (12/4-5)

Paper Mills (12/4-5)

Paper Mills (12/4-5)

Paper Mills (12/4-5)

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Paper Mills (12/4-5)

Paper Mills (12/4-5)
Effectiveness of Regulations

The following registration statements were declared effective this week by the SEC, offering details, where available, will be carried in the Monday issue of the "Chronicle."

Advance Mortgage Corp.
150,000 common shares at $8 per share by Shields & Co., Inc., New York.

Columbus Gas System, Inc.
$38,000,000 of 4% debentures, series D, due Nov. 1, 1962, offered at 105.50% to yield 4.30% by Halsey, Stuart & Co., Inc., New York.

Commonwealth Edison Co.
14,146 outstanding common shares offered at $40.50 per share by First Boston Corporation, New York.

Midwest Corp.
110,000 common shares and 22,000 warrants offered in units of one share and one warrant at $12 per unit by Weil, Fiske & Co., Cincinnati, and Hartmarx & Co., Inc., Cleveland.

North Atlantic Life Insurance Co. of America
600,000 common shares being offered for subscription by stockholders to wholesalers on the basis of two new shares for each common share held of record Aug. 27, with option to expire Dec. 4, 1962. No underwriting is involved.

Seaboard Life Insurance Co. of America
$12,000,000 in units of one new share for each five held of record Oct. 1, 1962, with right to expire Dec. 31. No underwriting is involved.

ATTENTION UNDERWRITERS!

Do you have an issue you're planning to register? Our Corporation News Department would like to know about it so that we can prepare an item about it. Our items are seen by 250,000 engineers and are reprinted in 418,356 newspapers. Proceeds for construction.

Prospective Offerings

- Albert Einstein College of Medicine of Yeshiva University (11/13)
- Southern Electric Generating Co. (11/28)
- Beltoc Instrument Corp. (Sept. 4, 1962)

Bioscience International Inc.

California Electric Power Co.

Central Illinois Light Co.

Central Illinois Public Service Co.

Consolidated Edison Co. of New York, Inc.

Consumers Power Co.

Delaware Power & Light Co.

Eastern Freight Ways, Inc.

Food Fair Properties, Inc.

Prospective Offerings

- Albert Einstein College of Medicine of Yeshiva University (11/13)
- Southern Electric Generating Co. (11/28)
- Beltoc Instrument Corp. (Sept. 4, 1962)
and purchase up to $50,000,000 convertible debentures of Major Gas & Electric Co., South Bend, Ind., and $20,000,000 of common stock of Western Union Co., New York, for which no offering need be registered with the SEC. Proceeds from the offering will be used to reimburse American citizen for losses of life and property during World War II. Redemptions are leading to a domestic demand of dyes, chemicals and photographic materials. Office:—11 W. 50th St., New York. Underwriters—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc., First Boston Corp. (jointly); Lehman Brothers-Stuyvesant & Co., Inc. (jointly); First Boston Corp. (jointly); Salomon Brothers & Hutton Inc. (jointly); Stuyvesant & Co. (jointly). Laclede Gas Co. (2/6/63) Nov. 1, 1963 the company announced plans to sell 200,000 shares of preferred stock (par $25). Proceeds—To retire $270,000 of bonds at maturity, and increase working capital. Office:—107 Olive St., St. Louis. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Reade & Co. (jointly). Missourian Gas Co. (2/12/61) Nov. 5, 1963 it was reported that this company plans to sell $22,000,000 of first mortgage bonds in the second quarter of 1963. Proceeds—For construction. Office:—200 Griswold St., Detroit. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Reade & Co. (jointly). Midwest Electric Mfg. Co. (2/24/62) Oct. 24, 1962 it was reported that the Japanese Finance Corporation plans to sell $10,000,000 of convertible bonds in the United States in 1962. It is expected that the proceeds will be used for short-term financing. Underwriters—First Boston Corp.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; Reade & Co. (jointly). Natural Gas Pipeline Co. of America June 12, 1962 it was reported that this subsidiary of Peoples Gas Light & Coke Co., plans to sell $35,000,000 of convertible debt in the second quarter of 1962. Proceeds—For expansion. Office:—122 So. Michigan Ave., Chicago. Underwriters—Dillon, Read & Co. Inc., New York City. Northern Illinois Gas Co. Feb. 28, 1962 it was reported that the company expects to raise $125,000,000 to finance its 1962-63 construction program. About $50,000,000 of this, in the form of a debt offering, will be made to investors in the United States. Office:—100 E. Erie St., Chicago. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co.; Kidder, Peabody & Co.; Smith, Barney, & Co. Inc.; Shearson, Hammill & Co.; Blyth, Smith & Co. Inc. (jointly); Merriman, Canfield & Co. Inc. (jointly). Texas Gas Co. (2/15/63) Aug. 1, 1963 it was reported that this company plans to sell $12,000,000 of 30-year mortgage bonds, in the second quarter of 1963. Proceeds—For construction. Underwriters—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc., First Boston Corp.; Blyth & Co., Inc.; Lehman Brothers-Blyth & Co. Inc. (jointly); First Boston Corp. (jointly); Salomon Brothers & Hutton Inc. and Equitable Securities Corp. (jointly). Washington Gas Light Co. Aug. 1, 1963 it was reported that this company plans to sell $5,000,000 of common stock through a rights offering to stockholders, in the second quarter of 1963. Office—2015 Forest Ave, Great Bend, Kan. Underwriters—To be named. The last rights offering in January, 1957, was underwritten by Dean Witter & Co., San Francisco. Western Light & Telephone Co., Inc. Aug. 1, 1963 it was reported that the company plans to sell $5,000,000 of common stock through a rights offering to stockholders, in the second quarter of 1963. Office—2015 Forest Ave, Great Bend, Kan. Underwriters—To be named. The last rights offering in January, 1957, was underwritten by Dean Witter & Co., San Francisco.
Selling as a Vocation
For College Graduates

By Roger W. Babson

Shocked that so few college students expressed an occupational preference for selling in a recent survey, Mr. Babson attributes the distaste for the vocation to general ignorance. The well known financial pressure of college life—yearly in excess of $1,100 in important, glamour, income, and built-in springs for getting ahead to the top executive posts.

I was amazed, and even shocked, the other day in a survey of the results of a survey of college students and their job preferences. Of these young people—most of them making a definite decision, only 5% intended to take up selling as a vocation. Workmanship and salesmanship, at least to the young people I made it clear that they looked down upon salesmanship as an inferior occupation, and none even felt that it is hardly "decency."

Salesmen Are Today's VIP's
Few seemed to realize that there are vast areas of sales activity besides counter clerking and door-to-door canvassing. Most of these young people—perhaps 95% or more—were astonished if they knew that those salesmen who call at their homes to sell them groceries, household goods, etc., comprise only about 2% of the total sales force of the nation. However, the mass of salesmen—the other 98% —are selling to the nation's millions of retailers and corporations. These people are kingspin in our economic life and, along with those who sell to them, they create and satisfy enough new wants and preferences to move a high gear. The salesman is a mighty powerful person.

It should be made clear to our young high school and college students that sales work has a special appeal to those with persistence and ambition, because their earnings will be in direct proportion to ability and hard work. An experienced salesman gets a tremendous kick out of his job because he knows that everybody's standard of living can be raised by it. He also learns that if only a thousand customers buy a product, without selling, they will not buy, but that, with imaginative selling and the consequent mass production, the consumer buys the article for perhaps $2, or even less.

Answer to Overproduction
One of the major fears of business right now is overproduction. So, naturally, the Number One Problem is how to dispose of the enormous volume of both heavy and consumer items our industrial complex is capable of turning out.

The answer is live-wire salesmen. I am not referring to the few get-rich-quick boys who only want to make a fast buck. They are here today and gone tomorrow. I mean those talented salesmen who learn how to get close to a prospect, build his confidence, and how to give him real charge and value. The salesmen and women too—who make up the great and important backlog of our college-trained work force.

A top-notch salesman has the true spirit of a missionary—he is honest, straightforward, honest, unlimited energy, firmness, and outstanding adaptability. The good salesman has a way of rising to above extreme frustration, to organize his own work program, and to operate under relentless pressure. No salesman is a clock watch-e; he only wishes to a place day with big margin. In view of the wonderful qualities that a good salesman must have, and the time being shocked that only 5% of the college graduates in that survey have the required field in their job preferences.

Sales Income Exceptionally Good
Whether a young man begins as manufacturer, representative, wholesale marketeer, specialty salesman, sales engineer, or retail merchandiser, whether of securi

The State of TRADE and INDUSTRY

Continued from page 9

The price of pig iron, unchanged since 1957, was reduced 4.5% by a Midwest seller. It now lists basic pig iron at $62 a gross ton, down $3. The action was described as due to competitive conditions, including the accumulation of inventory. Steels, however, are at the lowest level in 13 years. Steel's price composite on the key grade, No. 1 heavy melting, is down 24 cents to $24.33 a gross ton, lowest since August 1949, the com-

The downward pressure on metal prices continues, the mag-

Steel's Profits Head for Postwar Low

The steel industry profit margin is heading for a postwar low, steel reported. Nine-month business reports indicate profits as a percentage of sales in 1962 could well fall below the 4.9% in 1952 and reach the lowest level since World War II.

In the third quarter, 21 companies reporting full information realized a paltry 2.7% profit on sales compared with 5.3% a year ago. Sales dropped 12% but profits plunged 55% below the third quarter, 1961, level. The downward pressure on metal prices continues, the mag-

October's Auto Output Sets New Record

Auto output in the U. S. since Jan. 1 this week climbed above the 5.68 million mark set in 1961, Ward's Automotive Reports disclosed.

The statistical agency also said that output in the 17 largest automotive fields climbed to a new high in October car making, producing 727,557 cars, 29.9% more than the 569,077 units assembled in the month a year ago.

Ward's said that production since Jan. 1 has thus far reached a total of 5,606,187 units at the end of overtime operations in 23 of companies, almost 25% above the 1961 level. The Trica is between 30% more above 4,293,262 cars made by the same time last year and 25% more above the 5,516,317 cars made in the whole of last year.

Schedules for assembly this week are 162,661 cars. Last week the count was 162,666 and in the corresponding period a year ago 123,653 cars were made. Output for all three weeks has been at a peak for 1962.

Ward's said that since outset of the model year, auto manufacturers have made more than 1,300,000 cars.

Rail Car Loadings are 5.1% Below

According to data compiled by the American Iron and Steel Institute, production of steel in the top 32 companies ended Nov. 3, 1962, was 7,760,000 tons (95.4%), as against 7,669,000 tons (94.7%) in the week ending Oct. 27.

Data for the latest week ended Nov. 3, 1962, show a survey, a decline of 13.2% compared to last year's week output of 2,644,000 tons. Production this year through Nov. 3 amounted to 73,890,000 tons (98.6%), or 3.4% above the Jan. 1-Nov. 4, 1961, period.

The Institute concludes with Index of Import Production for Districts Week ended Nov. 3, 1962, as follows:

<table>
<thead>
<tr>
<th>District</th>
<th>Index of Import Production</th>
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<tbody>
<tr>
<td>North East</td>
<td>103.2</td>
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<tr>
<td>Midwest</td>
<td>104.8</td>
</tr>
<tr>
<td>South</td>
<td>101.4</td>
</tr>
<tr>
<td>West</td>
<td>102.7</td>
</tr>
</tbody>
</table>

Total: 103.4

*Index of production based on average weekly production for 1951-1955.

Commodity prices last week showed a gain of 3c, but there were 17 points reflecting decreases from the 1961 level. Steel producers also made increases in the Fall of 1961. This is particularly true with respect to terminals showing decreases in the 10% from that of a year ago.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the AIA Department of Research and Transport Economics. The report reflects steel prices as quoted at more than 40 truck terminals of common carriers of general freight for the latest week.

The terminal survey for last week showed increased tonnage handled in 23 metropolitan areas with 17 points reflecting decreases from the 1961 level. Shippable material on terminals increased in the Fall of 1961. The report also includes information in the Atlanta, St. Louis, and Chicago areas.

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year
New
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price
to the
16,247,000,000 kwh.,
Electric
Over
Last Year
The amount of electric energy delivered to the electric light, and power industry for the week ended Saturday, Nov. 3, was estimated at 16,247,000,000 kwh., according to the Edison Electric Institute. This total was 3,486,000,000 kwh., above that of the previous week's total of 16,149,000,000 kwh., and 1,147,000,000 kwh., above the total output of the comparative 1961 week.

Business Failures Rebound
Commodity production and business failures rebounded to 320 in the week ended Nov. 1 from their decline to 296 in the preceding week, reported Dun & Bradstreet, Inc. Remaining below-year-ago levels for the 17th consecutive week, last week's over-the-week business failures fell short of the 344 occurring in the same week of 1961. This week's total was 271 in 1960 and above the prevewal level of 316 in the comparative week of 1961. 

Retailing casualties bounced back to 10 from last week's 31 and construction surged to 61 from 40. Meanwhile, there was little change in industrial and manufac-ture, 36 against 34, or in commercial service which had 23 as against 25 last week. 

The bureau also reported that 223 white-collar workers fell from 224 last week because many of them were involved in manufacturing where the toll was off to 47 from 57 in the previous week. 

NATIONAL BUSINESS WEEKLY
Business Week, November 23, 1962

The weekly report of the American Labor Union in America—Arthur Sh. Boshart—Industrial Re-Porter 

American Society of Real Estate Counselors—Directory—A geographically
firm connections and description of specialty—American Society of Real Estate Counselors, Inc. 

Businessman's
BOOKSHELF


Banking, Real Estate Industry—Catalogue of products—Allied Electric

American Society of Real Estate Counselors—Directory—A geographically

Banking

BANKING AND MONETARY STATISTICS—Supplement—On Banks and Mone-

BANKING AND MONETARY STATISTICS—Supplement—On Banks and Mone-

balance

Balance Sheet of the Week

Businessman's

BONDS

BONDS

Boston.
WASHINGTON, D. C.—The magic that enables man to orbit the globe at hundreds of miles, send complicated and compact scientific instruments to the moon and Venus, and eventually land men on these distant planets, will soon be making major changes in industry. New products and new industries as well as new processes will soon be springing up as a result of a drive by the Federal Government to actively “sell” the fruits of its costly space research.

Many new products have already come out of the space research program—virtually indestructible ceramic coolwear from someone research, miniature radio transmitters for heart research, solar batteries to power various devices, and many others.

But these have generally been the result of work done by defense or space contractors who also have civilian or consumer divisions. The research that led to these products was often done under “military house.” The information, for the most part, was available to any firm that had a contract with the Government to position it out of the mass of engineering, scientific, technical and skilled labor from the defense and space effort.

And thus far, few of these, or similar developments come as sidelines to the principal research task and have to some extent been overlooked.

Chief, 3470

All of this is about to change. In the months and years ahead, the smallest electrical firm, even a company whose principal activity is producing components for the auto industry can, and probably will, have a chance to branch into new products or find new manufacturing methods as a direct result of government’s space and defense research.

This prospect stems from a new government policy that will take full effect in the National Aeronautics and Space Administration (NASA) to actively use the knowledge generated by the country’s multi-billion dollar space program. For some years, the space agency has been trying to make sure that the scientists working on one problem could be connected with space or defense research and have access to the findings of scientists working on some other problem—that the physicist knows what the chemist has discovered.

Last spring, NASA turned this Information retrieval system over to a huge IBM computer and created one of the first entirely electronic retrieval systems. A private firm, Documenting, Inc., took over the task of cataloging and coding each report from NASA scientists and its contractors and many from the Defense Department and its contractors, making ready to retrieve fact, electron brain, preparing frequent regular research catalog automatically, and giving the scientists to use each other’s

With this, the computerized library is being expanded to give the same results to non-space and non-defense industries. NASA has created an Industrial Applications office, to concentrate on getting valuable research findings to industry through the agency’s technical information office. Not only will it make the research available, but it will pinpoint the potential civilian firms who are interested in using it. Here briefly is how the system will work.

**Industrial Application**

Each NASA research installation will have an industrial applications officer. His job will be to review each report from the scientists for possible industrial uses. He will prepare what the agency calls a “flash sheet” on which the research will be briefly described and possible industrial applications suggested. This will be coded and fed into the computer. In addition to specialists in a number of scientific areas (electronics, physics, chemistry, metalurgy, writing reviews, patent applications, regular research reports), and other papers written for industrial uses. Their findings too will be fed into the computer.

One of the biggest problems is that a scientist’s work, for example, in chemistry, often goes over some development he has run in an area, such as thin electronic instruments. It will be the job of these reviewing experts to pick up the report wherever they are coded into the computer too. All this will make the information available not only to many civilian firms. So another step is needed.

Periodically—probably four or six times a year at first, the NASA’s technical information office, the reviewing scientists, and a special industrial applications advisory committee, will take positive steps to bring this mass of information to the desk of industry.

The computer will be ordered to print out a report research report, codings for a particular field. The scientist, a report from the last six months or so, then, these reports will be completely “recon,” to change everything in the state of the art during this period and put in language that any technical reader can understand.

The industrial possibilities that these experts uncover will be clearly pointed out, and in doing this, others that they miss will probably be brought to the firm seeking to use them.

Once started, the review of each report will be set up to date as more or less stringent interval. These reports will include not only research specifically for NASA, but also some work done for the Defense Department, which has no specific industrial applications program. The new system, a highly-refined information retrieval system, is now being set up. For the scientists concerned only, each report fed into the computer has had perhaps a half-dozen cross references. For the industrial applications program, each one will have up to a score of cross-references.

First Report in Six Months

The first state of the art report is expected to be in the hands of industry in about six months, with regular reports flowing steadily within a year. If the program does what the NASA and Congress believe it will, it will probably be expanded in the years ahead. The system as it is now planned will not permit any firm to simply run to NASA and ask for a special collection of research reports on its particular problem. A firm will have to rely on the review of a scientific area, along with the accompanying bibliography of reports on which it is based. These reports will be available. But eventually, agencies officials hint, it may be possible for a firm which is not a contractor to the government to dig much deeper into the 100,000 or so report references which the computer will finally turn up.

Spokesman for the agency foresees a myriad list of benefits to industry from the new industrial applications program. Just another random sampling of the flash sheets sent into the headquarters from field laboratories is impressive. They range from research into rocket motor fuel valves which could possibly be adapted to replace today’s auto carburetors to methods of printing miniature electronic circuits so that they will withstand extreme temperature changes. New materials for boats, new types of propelling devices for vehicles, miniaturized office machines, new paints, and a wide range of consumer products are all distinct possibilities once the program is fully underway.

The industrial applications program is not without potential benefits to the space and defense program. For instance, the state of the art reviews will also be available to the space scientists. One of the biggest problems in getting scientific information spread liberally throughout the defense and space research world is the fact that scientists in different specialization don’t always speak the same technical language. Many discoveries or innovations in one area are unnoticed in those of another who could use them. Putting the answers in more or less simple language is bound to help spread the knowledge and cut down on duplication of effort, NASA officials say.

In addition, many small firms who are not now in the defense picture will now find a challenge to their capacity to bid for government contracts. And many large firms may find that they’ve been overlooking possibilities.

In addition, as the results of today’s space research spread, many firms will find ways to refine the techniques which they originally learned from the space agency. Because the information which the agency will make available, from NASA and defense contractors as well as its own research facilities, the agency hopes it will set up a sort of snowball effect. This column is intended to reflect the “behind the scene” interpretation from the nation’s capital and may not coincide with the “Chronicle’s” own views.

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